



AGENDA
RIO DELL CITY COUNCIL
REGULAR MEETING - 6:30 P.M.
TUESDAY, JUNE 7, 2016
CITY COUNCIL CHAMBERS
675 WILDWOOD AVENUE

***WELCOME . . .** By your presence in the City Council Chambers, you are participating in the process of representative government. Copies of this agenda, staff reports and other material available to the City Council are available at the City Clerk's office in City Hall, 675 Wildwood Avenue. Your City Government welcomes your interest and hopes you will attend and participate in Rio Dell City Council meetings often.*

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- A. CALL TO ORDER**
- B. ROLL CALL**
- C. PLEDGE OF ALLEGIANCE**
- D. CEREMONIAL MATTERS**
- I. PUBLIC PRESENTATIONS**

This time is for persons who wish to address the Council on any matter not on this agenda and over which the Council has jurisdiction. As such, a dialogue with the Council or staff is not intended. Items requiring Council action not listed on this agenda may be placed on the next regular agenda for consideration if the Council directs, unless a finding is made by at least 2/3rds of the Council that the item came up after the agenda was posted and is of an urgency nature requiring immediate action. Please limit comments to a maximum of 3 minutes.

J. CONSENT CALENDAR

The Consent Calendar adopting the printed recommended Council action will be enacted with one vote. The Mayor will first ask the staff, the public, and the Council members if there is anyone who wishes to address any matter on the Consent Calendar. The matters removed from the Consent Calendar will be considered individually in the next section, "SPECIAL CALL ITEMS".

- 1) 2016/0607.01 - Approve Minutes of the May 17, 2016 Regular Meeting**
(ACTION)

- 2) 2016/0607.02 - Approve Minutes of the May 23, 2016 Study Session
(ACTION) 19
- 3) 2016/0607.03 - Approve Minutes of the May 24, 2016 Special Meeting
(ACTION) 32
- 4) 2016/0607.04 - Approve Letter of Endorsement for Appointment of
Mayor Pro Tem Johnson as City Representative to Local
Agency Formation Commission (LAFco) **(ACTION)** 50
- 5) 2016/0607.05 - Approve Annual Garbage Rate Adjustment with Eel River
Disposal and Accept it as an Amendment to the Solid
Waste and Recycling Franchise Agreement **(ACTION)** 52

K. ITEMS REMOVED FROM THE CONSENT CALENDAR

L. SPECIAL PRESENTATIONS/STUDY SESSIONS

- 1) 2016/0607.06 - Discussion on Medical Cannabis in General and Possible
Local Tax Measure **(DISCUSSION/POSSIBLE ACTION)** 62

M. SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

- 1) 2016/0607.07 - Authorize the Mayor to Sign Letter Opposing SB 1069
Second Units and Removal of Local Land Use Authority
(DISCUSSION/POSSIBLE ACTION) 63
- 2) 2016/0607.08 - Continued Public Hearing on Dispensaries and Testing
Laboratories and Discussion on Medical Cannabis
Commercial Land Use Regulations, Section 17.30.195
of the Rio Dell Municipal Code **(DISCUSSION/POSSIBLE
ACTION)** 87

N. ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

- 1) 2016/0607.09 - Adopt Resolution No. 1288-2016 Approving Operating
and Capital Budget for FY 2016-2017 **(DISCUSSION/
POSSIBLE ACTION)** 97

O. REPORTS/STAFF COMMUNICATIONS

P. COUNCIL REPORTS/COMMUNICATIONS

Q. ADJOURNMENT

*A Special meeting of the City Council is scheduled for
Tuesday, June 14, 2016 at 6:30 p.m.*

*The next regular City Council meeting is scheduled for
Tuesday, June 21, 2016 at 6:30 p.m.*

**RIO DELL CITY COUNCIL
REGULAR MEETING
MAY 17, 2016
MINUTES**

The regular meeting of the Rio Dell City Council was called to order at 6:00 p.m. by Mayor Wilson.

ROLL CALL: Present: (Closed Session) Mayor Wilson, Mayor Pro Tem Johnson, Councilmembers Marks and Thompson

Absent: Councilmember Garnes

Others Present: City Manager Knopp and City Attorney Gans

Present: (Regular Meeting) Mayor Wilson, Mayor Pro Tem Johnson, Councilmembers Garnes, Marks and Thompson

Others Present: City Manager Knopp, Finance Director Woodcox, Community Development Director Caldwell, Chief of Police Hill and City Clerk Dunham

Absent: Water/Roadways Superintendent Jensen and Wastewater Superintendent Chicora (excused)

ANNOUNCEMENT OF ITEMS TO BE DISCUSSED IN CLOSED SESSION AS FOLLOWS:

PUBLIC EMPLOYEE APPOINTMENT Title: Wastewater Superintendent
(Pursuant to Gov't Code Section 54957)

The City Council recessed into closed session at 6:00 p.m. with City Manager Knopp and City Attorney Gans.

The Council reconvened into open session at 6:30 p.m.

Mayor Wilson announced there was no reportable action taken in closed session.

CEREMONIAL MATTERS

Proclamation in Recognition of Red Nose

Councilmember Garnes distributed red noses to council and staff to put on before reading the proclamation in recognition of Red Nose Day.

PUBLIC PRESENTATIONS

Sharon Wolff reiterated that it is really hard to hear the city council members when they speak. She said the audio is not good and for the most part they either don't speak into the

microphones or don't turn them on. She noted that she has four microphones around the room just so she can pick up what they are saying. She asked them to speak up and asked the Council at some point to look at upgrading the sound system as recommended in the past.

Mayor Wilson stated that the Council will make every effort to do that.

CONSENT CALENDAR

Motion was made by Johnson/Thompson to approve the consent calendar including approval of minutes of the May 3, 2016 regular meeting; approval of minutes of the May 10, 2016 special meeting; approval of Resolution No. 1297-2016 Authorizing the Submittal of an Application for Payment Programs and Related Authorizations with Department of Resources Recycling and Recovery (CalRecycle); approval of Resolution No. 1295-2016 Adopting the Gann Appropriations Limit for FY 2016-2017; and approving Resolution No. 1296-2016 Approving Billable Rates for Staff Time for FY 2016-2017. Motion carried 5-0.

SPECIAL CALL ITEMS/COMMUNITY AFFAIRS

Review and Approval of Chamber of Commerce Signage on City Property

Mayor Wilson announced this item would be tabled and placed on a subsequent agenda as there was no representative from the Chamber in attendance at this time.

City Manager Knopp stated that moving the item to the June 7, 2016 regular meeting will allow staff to provide a better report.

Manufacturing Recommendations – Medical Cannabis Commercial Land Use Regulations, Section 17.30.195 of the Rio Dell Municipal Code (RDMC)

Community Development Director Caldwell began by stating that this is the third meeting of the City Council discussing the Medical Cannabis Land Use Regulations.

He continued with a power point presentation and said at this meeting there will be discussion on Manufacturing Provisions including Manufacturing Level 1, concentrates using non-volatile solvents, and Manufacturing Level 2 using volatile solvents with butane, hexane and ethanol. He noted this process will be regulated at a higher level by the Department of Public Health and the state will also be limiting the number of licenses they will be issuing.

Community Development Director Caldwell stated that also included tonight will be discussion on Cannabis Commercial Kitchens that produce edibles.

He referred to the supplemental information he provided regarding background checks and disqualifying felonies and he said that staff met with representatives from the Bureau

of Medical Marijuana Regulation (BMMR) last week and based on that meeting, incorporated the Background Check and Disqualifying Felony provisions of the Act into the City's ordinance.

Staff continued with review of proposed definitions for Manufactured Cannabis and Manufacturing Facility.

Community Development Director Caldwell noted that there has been a lot of interest in Cannabis Manufacturing and in many states across the country they have recognized medicinal marijuana, a lot of which is now being sold in a concentrate or edible form rather than in flower form. He said it is apparently a healthier way of delivering the medicine to patients.

He explained that the state has designated two types of Manufacturing licenses; Type 6 which utilizes non-volatile solvents and Type 7 which utilizes volatile solvents such as butane, hexane or ethanol.

He commented that experts in the field of manufacturing were present and available to provide information and answer questions regarding the concentrate manufacturing process.

Staff further stated that the Planning Commission has recommended Manufacturing of Concentrates be conditionally permitted like all associated cannabis activities in the Industrial Commercial (IC) zone which is the Eel River Industrial Park and a small portion of the Eeloa neighborhood. Also, the Planning Commission did discuss allowing manufacturing in other zones but in the end decided that based on the nature of the process and limited availability of commercial land, to limit the extraction process to just the IC zone.

Community Development Director Caldwell pointed out that the County of Humboldt actually allows the manufacturing of concentrates in a number of commercial zones including the Business Park at the Arcata Airport.

He noted that there has been a lot of interest in the Manufacturing process here; people from up and down the state as well as out of the state have approached the city and are looking for facilities or land where they can develop manufacturing facilities. He said as the City Council is aware, the Eel River Industrial Park has a lot of constraints associated with development there such as being located in the flood zone, no sewer services on site, having a 10,000 sq. ft. cap on new development without triggering a traffic study and potential highway 101 improvements, and having a Brownsfield site on a portion of the site. He also pointed out that the Eeloa Ave. zone is basically built out with very little development opportunity there.

Community Development Director Caldwell said given that information, the Council may want to possibly consider allowing the non-volatile process in the Community Commercial (CC) zone. He said if it were to be considered or allowed, staff would recommend some performance standards that it be located in the rear of the commercial building and that it occupy no more than 20% of the building. He said the idea is to make sure the majority of the building is available for retail commercial uses and said it actually may be a way to facilitate some commercial development.

He said the other Manufacturing process is Commercial Kitchens which are basically restaurant type facilities where they use either butter or oil concentrates as part of their recipes that infuse the edibles.

He noted that the Planning Commission recommended allowing Commercial Kitchens in the three (3) commercial zones and said they would be subject to inspection and approval by the County Health Department like other restaurants before they could obtain a city business license to operate. He stated that the Planning Commission has also recommended manufacturing processes be contained in basically spark-proof, bomb-proof rooms.

Community Development Director Caldwell ended his presentation with review of the state labeling requirements for edibles and said there are experts in the audience who can address questions the Council or the public may have.

Mayor Pro Tem Johnson asked if CBD is a hallucinogenic and how much area an average manufacturing facility typically needs.

Steve Dizaïy from Diza-Biotech said CBD is not a hallucinogenic and provided a handout with pictures of biopharma rooms they design for the biomanufacturing industry. He said the square footage needed depends on the amount of biomass processed. He explained the various layers of protection with regard to their manufacturing facilities and encouraged the city to work with companies or industries and review their overall business plan as far as consumption and disposition of their products.

Mayor Wilson asked what the end product is and what they do with it after it's processed.

Steve Dizaïy explained that they produce the bulk concentrate ingredients at a specific rate of concentration which is one product they produce and can sell to commercial kitchens. He said they also do formulations such as capsules, sprays or ointments at very precise dosing and that is the end product. He said those products are then sold to other dispensaries and to care givers.

Mayor Wilson asked how specifically, the customer will consume the products manufactured.

Steve Dizaiy gave an example of one of their products which is a 1-to-1 ratio of an oral spray with extraction from a specific plant and formulated to a spray that delivers exactly 3 milligrams of THC and 3 milligrams of CBD for every dose. He noted that this particular product is used primarily for multiple sclerosis (MS).

He said they also produce sublingual capsules that have various levels of THC and CBD's which is simply another delivery method for medical cannabis. He explained that individuals that have hyperactive tendencies gravitate toward THC because it helps people to focus.

He said this method, as opposed to smoking marijuana allows them to meter it, dose it and more importantly trace it so they know who gets what.

Mayor Pro Tem Johnson asked if the state has determined the number of Level 2 Manufacturing licenses (using volatile solvents) they will be approving.

Community Development Director Caldwell noted that it has not yet been determined.

Steve Dizaiy encouraged the Council to consider allowing both Level 1 and Level 2 manufacturing processes and said if Level 2 is done correctly and the process is contained in a proper environment, it's quite safe.

Councilmember Thompson asked for clarification that anyone purchasing their products needs to have a 215 card from their primary physician.

Steve Dizaiy explained that they will cater more to dispensaries and that dispensaries will have a better understanding of the patient's needs. He reiterated that they are a pharmaceutical company that manufactures specific compounds that are effective for specific medical conditions. He explained that anytime a facility goes through a forensic audit they have to be able to track every lot number to every patient; more importantly where the biomass came from. He said the information will be entered into a database with an assigned lot number that city officials and other agencies have access to.

Councilmember Thompson questioned the level of controls related to the dosage a patient should have.

Steve explained the state is moving toward tighter controls and with the track and trace programs it will be strictly regulated. He added that as a conscience manufacturer, they minimize the amount of content they put into compounds.

Councilmember Thompson then asked when they expect the various agencies to have firm guidelines and said he is hearing it could be two or three years. He questioned how companies can become operational without specific guidelines.

David Bridge, CEO of Lost Coast Research said he currently provides consulting and best practices systems and in 6 weeks is hoping to have the equipment to start testing cannabis.

He explained the Bureau of Medical Marijuana Management will be created in 2018 and by 2020 will have regulations in place to require that all medical marijuana is organic. He said this particular discussion is related to cannabinoids which is only one class of chemical noting that there are lots of other chemicals such as terpenes that are involved in cannabis that are not being discussed. He said after cannabinoids are extracted what is left over is the rest of the plant's terpenes. He explained certain ratios of terpenes is what gives the chemical effect and that terpenes have flavor and can be mixed with food. He noted that it can then also be smoked although he wouldn't recommend it and it would not make a patient high in a psychoactive way.

He explained the process of decarboxylation and how the control of the ratio of that process gives patients different effects. He noted that THC-A has been proven to be effective before decarboxylation and is non-psychoactive. He pointed out that it can be eaten without a patient getting high and can be effective for things such as back spasms.

Jack Hay addressed the Council and stated that everyone is calling this medical marijuana and questioned the number of people that actually need it medically. He said everyone knows this is going to lead to legalization of recreational marijuana and parents are going to be smoking it, then before long kids will be smoking it then using cocaine, or meth and there will be nothing but a bunch of "drugies" running around.

He said the Council thinks the city is going to get all this money but questioned how these businesses are going to be able to pay out all these taxes.

Glen White, a principal partner with Diza Biotech said if people want to believe that marijuana will lead to meth use, they are looking beyond reality. He said the truth of the matter is that if this substance is not controlled, it will continue to be a problem. He commented that as the industry changes in Humboldt County, it will allow cultivation so the city can gain economically by taxing it. Also, law enforcement will know where it is being cultivated and be able to control it as opposed to people just doing it because they will do it anyway.

He said he came to this area in 1982 and bought property just outside Garberville and in those days no one in Rio Dell wanted anything to do with the marijuana industry. He said the rural areas like Garberville and Redway boomed from it. The point he wanted to make is that if the city is going to legalize it and allow it to be cultivated, they will profit from it. He pointed out that for every pound of cannabis cultivated there will be two pounds of byproduct from that trim and if the City doesn't control where that goes, they will basically be turning their backs and pushing it through the black market. He said the fact is that it will then be turned into concentrates and will get out to kids and destroy the youth.

He stated that their idea is to do everything by the book including following CalOsha standards, to have local law enforcement control everything and build a facility that will be able to control completely, the cannabis cultivated in this region; not just Rio Dell but in central Humboldt County. He said they are going to need a big facility and depending on the amount of product processed, the proper tools to do that. He noted that it all has to be done by FDA standards until such time the State develops standards.

He said for the City Council to turn their back and say they don't want the marijuana industry here is only going to provide more opportunity for others to do it because they already are doing it, but not safely or legally. He added that the reason there are so many honeyoil explosions is because there are no controls and they are either drunk or on meth when they are doing it so it blows up. He said this is what will happen if the Council doesn't grasp it and control it.

He said if the city can allow it in a facility that is governed and permitted through the appropriate agencies and monitor it, it will be better for everyone concerned.

Councilmember Thompson commented that for the past 40 years, Garberville has pretty much been given free rein and asked why now they are asking for the sheriff's department to come in and enforce the law.

Glen White said along with the economic benefits comes crime and without law enforcement the crime will run ramped. He commented that he has seen these legal businesses boom and as the industry explodes and as the money flows freely, so does crime. He noted that it is easier for law enforcement to control what is happening in Rio Dell because of local law enforcement but in Garberville you have people coming in from all over with lots of cash buying materials to cultivate and other things which sometimes causes problems.

Councilmember Thompson commented that the city is presumably going to collect an unknown amount of tax money from the marijuana industry if approved but in turn will have to double the police force to control the associated crime the industry will potentially bring. He expressed concern about the decay of the school system and said kids are already out of control and parents come to school high to pick up their kids. He said a police officer will need to be sitting at school to arrest parents when they come to school high to get their kids. He pointed out that this is child abuse.

Glen White said although he is not an expert on the subject, he doesn't believe cannabis is the cause for the drug problems in many families.

Tom Bertain read a statement which he presented to the City Clerk for the record stating his opposition to the Medical Marijuana Ordinance. He said the City Council and those

serving since the city's inception have worked hard under difficult circumstance and conditions to make Rio Dell a great place to live and to raise children. Without this ordinance the city of Rio Dell will continue to progress and the future looks good.

He went on to say that the study and research of the benefits of medical marijuana is incomplete and by endorsing this ordinance, the City Council is venturing into a premature affirmation of the unknown adding that the Golden Goose may be a cull. He said before approving the ordinance, there needs to be more understanding and thought put into it to determine the social and cultural impacts and changes that will occur. He mentioned the need for wisdom and foresight before the city gets into a situation that might spin out of control providing no exit strategy and leaving its citizens demoralized and bewildered.

Alonzo Bradford commented that he is confused about the whole discussion of Manufacturing and his concern is why the Town Center (TC) and other zones haven't been added to the ordinance. He asked if the Council could take a vote to allow manufacturing, dispensaries and nurseries in other areas besides the Industrial Commercial (IC) zone. He said it doesn't feel like the Council is accepting the industry or the community's opinions and are just dealing with them but not listening to what they want.

Mayor Wilson said he personally is adamantly opposed to the use of recreational marijuana and that it comes from a personal background 40 years ago when it wasn't the same potency as it is today. He said he knows the affects it has had on families and has caused considerable damage. He noted that the idea he is coming to is that it does have medical benefits. However, if the City Council does decide to allow it, and based on the discussion at the last meeting, he feels the Council is moving too fast. His personal opinion is also that it should only be allowed at the Industrial Commercial zone across the river.

He pointed out that there is a large segment of the City that has not come to these meetings and most of the people in attendance are those interested in getting licensed or opening a business in an area they believe is profitable to provide medical marijuana to patients. He added that citizens are starting to wake up to the idea that this is a really big issue and he thinks more citizens need to get involved so the Council can hear other opinions. He noted that many people probably don't even know these meetings are taking place but once it becomes known, there is a very vocal community out there. He said essentially what he is saying is that he is kind of back-peddling on what he is now understanding. He said what he is hearing is that it could be something that is viable to everyone as a society as far as it being a medicine if used properly. He commented that he doesn't want to jump ahead just to try and solve the City's financial problems and in doing so, create a bigger problem.

Councilmember Thompson said he agreed if the ordinance is approved that cannabis related activities should be restricted to the Industrial Commercial (IC) zone across the river. He pointed out that the City Council has the responsibility to represent the citizens of Rio Dell and make decisions based on the will of the people. He said out of the 3,400 citizens it is

unknown what percentage of those people use drugs but if it were 20%, that means there are about 2,800 citizens that he represents. He commented that if the Council approves marijuana activities and the associated smell is not totally controlled, there will be a lot of upset residents and the City Council will have to answer to those people. He added that the City Council has an obligation to provide a clean, healthy lifestyle to its citizens which means they should not have to tolerate a smell they find offensive.

He also questioned staff's opinion that an Environmental Impact Report (EIR) is not required or necessary for cannabis related activities.

James Bidwell addressed the Council and said they circulated a survey around town and gathered 70 - 80 signatures in a period of 2 hours from people in support of medical cannabis activities in the City and said there were only 10 people who would not sign it.

He pointed out that the industry is already here and if the ordinance is not adopted, the black market will continue to flourish. He said they only want to open a small nursery in the Town Center and sell baby plants which have no smell or negative impact.

Kathleen Kemp pointed out the Council members have a horrible job and that she personally believes in the benefits of medical marijuana. She said she doesn't know what's right or wrong as far as growing marijuana and noted that there was a robbery at her neighbor's house related to marijuana when no one was home and said the police probably can't do anything without probable cause. She said she doesn't use marijuana personally but the way it is now, it seems to be out of control.

Jack Hay asked how many dispensaries are being proposed and how many of those are actually related to medical cannabis.

David Bridge pointed out that what is being discussed is medical cannabis and not adult recreational cannabis although it will probably become legalized in November. He said the focus needs to stay on medical cannabis. He said there is a direct correlation between marijuana facilities being located in places with high crime so there will be that aspect to deal with. He said he had passed that research on to the Community Development Director.

Jackie Wilson stated that she works in Redway but lives in Rio Dell because the marijuana atmosphere is terrible there. Also, she said she has three kids and was told the school here is excellent. She said she works at the pharmacy so understands the benefits of medical marijuana however; it has truly become recreational down there.

James Cortazar commented that for the first time in years, there are people interested in either leasing or purchasing his properties in the Town Center. He said just the rumor of Rio Dell passing a medical marijuana ordinance has sparked interest. He said it is time for the City Council to embrace the opportunity and said he is totally in support of the

ordinance and hopes the Council doesn't limit the number of cannabis related businesses in town. He expressed the desire for the industry to help support the schools.

Jomra Kan expressed support of the proposed ordinance and said it is pretty far-fetched to say Rio Dell will become a drug crazed town if they allow establishment of cannabis related businesses. He pointed out that the dispensary in Arcata actually received the Business of the Year Award. He said it is a complete myth to say children will become addicted to drugs if their parents use cannabis and said children with problems are victims of bad parenting.

Steve Dizaiy responded to the comment that was made regarding the Council moving too fast and said he thinks this is where the Council has the opportunity to work with businesses effectively by having open dialog and reviewing proposed business plans. He said when he went through med school; there was one lesson on cannabinoids; now it includes a 6-week course.

Melissa Marks commented that she would like to hear from citizens regarding their views on cultivation and expressed concern associated with trimigrants coming into town and hanging around between jobs.

Larry Arsenol commented that there is crime associated with the black market but once cannabis activities are regulated, the crime will go down noting that the black market will suffer with legal operations coming into town.

Jack Steeves stated that there are people here that have ranches where cultivation could occur rather than in the City of Rio Dell. He said when he gets sick, he goes to the doctor then to the drug store to get a prescription and asked why the marijuana industry has to converse to one little town and ruin it.

There being no further public comment, the public hearing was closed.

Mayor Wilson stated that the purpose of the meeting is to gather information and that the Council would not be making any decisions at this time. He said the next meeting, scheduled for May 24, 2016 will be to discuss the track and trace program and taxes. He encouraged people from both sides of the issue to come and voice their opinions. He noted that the Council is still open to discuss whatever issues citizens may have and their goal is to do what is best for the community as a whole. He reiterated the need for citizens to come to the meetings and provide feedback to the Council.

Councilmember Garnes commented that she would like everyone who is worried about what the cannabis industry will do to the City to look around at what's going on already. She said only a delusional person doesn't smell it all around them. She noted that she lives

in the upper part of Rio Dell and in the winter she can see down on the roofs that are not frosted over and see where indoor grows are going on. She said it is damaging to the City the way it is now and the Council is simply trying to reel it in and get it regulated.

She referred to the three bills passed by the legislature regulating medical cannabis and one of the problems has been that basically anyone with \$200 can get a 215 card and grow. The new laws will eliminate that since 215 cards can only be issued by a person's primary doctor.

She noted that a dispensary, processing or manufacturing facility won't have pot leaves painted all over the building. it will look like any other legitimate business with proper security. She said what she is hoping the city can do, is to take the 215 law which has literally been a joke and rein it in and allow people that actually need medical cannabis to get it legitimately.

Councilmember Garnes added that education plays a huge part in the review process and for people to allow the correct information to come into their heads without putting up a mental block because they simply don't like the word is unreasonable. She said if the industry is done within the confines of the law, everyone should promote it and take advantage of the economic benefit it will bring to the city and community. More importantly, medical cannabis is a medicinal product and should not be feared.

She said if this City Council does not take a stand now, other areas will take advantage of the opportunity and the black market in Rio Dell will continue. Not moving ahead to create a legal foundation is only harming the city. She pointed out that every operation will require a Conditional Use permit (CUP) through the Planning Commission so the city is not taking this issue light-hearted. She said the City Council and city staff cares about the welfare of children and the only way to help them is to get it right and control it.

Mayor Wilson called for a 5 minutes recess.

ORDINANCES/SPECIAL RESOLUTIONS/PUBLIC HEARINGS

Adopt Resolution No. 1288-2016 Approving Operating and Capital Budget for FY 2016-2017

Finance Director Woodcox provided a power point presentation on the proposed 2016-2017 Fiscal Year Operating and Capital Budget.

She reviewed the changes to the budget since it was first presented to the Council at their May 3, 2016 meeting and explained the majority of the changes were related to the Capital Projects Budget.

She reported an overall increase in expenditures of \$423,000 with no change in overall revenues. She said total expenditures reported at the May 3, 2016 council meeting were \$4.2 million reflecting a surplus; with changes, expenditures now are \$4.6 million which results in a deficit.

She showed a graph representing the increases in expenditures by department and noted there was an increase in operational expenditures in the City Manager's budget with \$8,000 budgeted for replacement of computers and computer equipment, and \$10,000 moved from Capital Projects to the City Manager's budget for Economic Development. She noted that the \$10,000 should have been included in the City Manager's budget in the sense that it is not a capital expenditure but a service.

Finance Director Woodcox continued with a review of the proposed Capital Projects and noted a total of \$45,000 was removed which included the \$10,000 for Economic Development and \$35,000 for a generator in the water department because it will be purchased and used for the Wells Project and part of matching funds for the project.

Capital Projects added included:

- \$ 45,000 - Belleview/Ogle Drainage Repairs
- \$ 6,132 - Downtown Parking Lot completion carry over
- \$ 40,000 - 50% USDA Grant match for two new police vehicles
- \$ 38,000 - Subsidy for Streets maintenance and repairs
- \$ 6,500 - Council Chambers upgrade to audio system
- \$ 45,000 - Ditch Witch Vector Trailer – split equally between water, sewer and streets
- \$ 20,000 - Water system spot repairs
- \$ 8,000 - Water filter recoating
- \$ 35,000 - Repairs to Old Ranch Road water line
- \$ 40,000 - Repairs to sewer lines on Second, Third and Dixie
- \$160,000 - City Hall ADA Upgrades – CDBG Program Income

She reported the proposed changes represent an overall decrease in the Fund Balance, going from an overall surplus of \$246,000 to a deficit citywide of \$176,822.

She pointed out that while looking at a \$176,000 deficit, \$160,000 of that is actually CDBG Program Income money and there aren't any revenues coming in except for a few thousand dollars per year. Also, the city must spend the Program Income under the CDBG guidelines.

Mayor Pro Tem Johnson asked what the chances are of getting the \$40,000 USDA grant for police vehicles.

Finance Director Woodcox responded that the chances are pretty good and the funds are available until they are used up. She noted that the City of Fortuna submitted an application and got funding for two new police vehicles and was kind enough to share a copy of their grant proposal with staff.

Councilmember Garnes asked if the ending fund balance was projected to have a surplus or deficit.

Finance Director Woodcox said in Reserves, the estimated ending fund balance in the General Fund is \$941,273.

Councilmember Garnes stated that she was hoping to be able to take some money from General Fund Reserves and put it toward street repairs. She said with the recent water rate increase she would like to be able to show the community that the city is trying to make some notable improvements to the city's streets. Even though it's not water related she said it would be an overall improvement to the city.

Mayor Pro Tem Johnson referred to the water fund portion of the proposed capital projects including spot repairs, filter recoating, and Old Ranch Road Repairs totaling over \$60,000 to improve the city.

Councilmember Garnes commented that the \$35,000 budgeted for repairs to the Old Ranch Road water line is a separate issue as it doesn't benefit the residents inside the city.

Mayor Pro Tem Johnson reminded everyone that the highest maintenance water line is the Old Ranch Road line and if the city doesn't tackle the repairs this year the cost will only go up.

Councilmember Garnes agreed but in addition to those repairs she would like to show citizens that the additional revenue the city is receiving is doing something to make the city better.

Councilmember Thompson pointed out that the repairs to Old Ranch Road will basically be paid for by those residents through the extra Dinsmore zone surcharge.

Finance Director Woodcox clarified that until today she thought the \$10,000 in repairs was going to be paid by the residents which is no longer the case; now the expense will come out of the Dinsmore zone water fund.

Mayor Wilson questioned how the \$10,000 estimate for those repairs has now gone to \$35,000.

City Manager Knopp explained that originally the \$10,000 was to only cover the cost of parts; the labor was to be donated by the city and now the city will likely be hiring a contractor to do the work.

Mayor Wilson said at the May 3, 2016 meeting, the proposed budget was presented with no discussion on Capital Projects and asked if they were simply left out of the budget.

Finance Director Woodcox explained that it wasn't until after the May 3rd meeting, that staff had discussions and delved into the Capital Projects more thoroughly.

Mayor Wilson pointed out that in a period of two weeks the budget increased by over \$400,000, there was a brief discussion with the Council when it was initially presented on May 3rd and now staff is asking the Council to adopt it. He said things were moving too fast and said in the past, the Council had the opportunity to sit down at a workshop and discuss each departmental budget and felt that same process should be followed.

He noted that every year for the past few years, the budget has had a deficit and last year the Council was told the deficit would be addressed but wasn't. He said as a City Council, they have to find out a way to address the problem.

City Manager Knopp stated that the items on the Capital Projects list are investments and services staff feels are important but the Council certainly has the discretion to discuss the projects and modify the list by adding or deleting items. He noted that the city has a good size reserve and it is not necessarily a bad thing to draw down on reserves to invest in capital improvements. He commented that the word "deficit" has a negative connotation and that another way to phrase it is "a fund balance draw down" which is a deliberate draw down of the fund balance to provide specific services.

He commented that the City Council has done a great job keeping personnel costs down by approving a new health care plan and controlling retirement costs. He noted that many jurisdictions are struggling with the high costs of PERS which the city doesn't have.

He said street repairs, police vehicles, upgrade to the Council Chambers audio system and the Ogle/Belleview Drainage project were all projects identified by the City Council as priority. He said if the Council wants staff to slow down the budget process they will be happy to do so and said it was simply a recommendation by staff for discussion and possible approval of the 2016-2017 budget at this time.

Mayor Pro Tem Johnson commented that for the past three years he has sat next to Fortuna Councilman Strehl at HCAOG meetings and he recently asked him how their budget process was going and his response was that they were going bankrupt. He said that is somewhat of an over-statement but the fact is that their reserves have gone down \$8 million in three

years which is not sustainable. The point he was trying to make is that Rio Dell is in a much better position financially than many other cities including Fortuna.

Finance Director Woodcox continued her presentation by providing a breakdown and description of the proposed Capital Projects by fund with the majority of the projects in the Water Capital Fund.

Melissa Marks asked how long it was going to take for the Dinsmore Zone Fund to reimburse the \$35,000 for the Old Ranch Road water line repairs.

Finance Director Woodcox explained that the estimated annual revenue is \$17,400 with \$1,700 going toward Water Operations and the remaining \$15,700 going toward Water Capital.

City Manager Knopp noted that the \$35,000 is only staff's estimate for the repairs and staff may have to return to Council with a request for a budget amendment and authorization to proceed.

Mayor Pro Tem Johnson referred to the \$45,000 budgeted for a Ditch Witch Vector Trailer and asked if that is the estimate for a new or used trailer; the response was that it was for a new trailer.

Mayor Pro Tem Johnson said with the reduction in public works staff, questioned whether there is enough personnel to go out and safely run the equipment.

City Manager Knopp commented that the public works department is currently operating with a crew of two in Streets and were able to get them out a couple of times the past year to utilize the equipment.

Total projected revenue was reported at \$4,520,048 and total expenditures at \$4,696,870 resulting in a \$176,822 draw down of reserves.

Finance Director Woodcox also noted that \$2,868 was put into the contingency line item for spaying and neutering of pets as well as that same amount matched in the General Fund. She said \$2,868 has been sitting in the spay-neuter fund for years.

Councilmember Thompson noted that Alice Millington indicated that there are funds available from Bless the Beast to spay and neuter dogs and cats and suggested those funds be utilized first.

Melissa Marks asked if staff labor comes out of Capital expenses.

Staff explained that labor costs have come out for the Metropolitan Wells Project but labor costs don't normally come out of Capital because staff gets paid anyway and their time is charged to the fund where they actually work.

Kathleen Kemp commented that she was in attendance at the meeting when the city's auditor gave a presentation and said the city overspent in the budget by \$237,000 last year and pointed out there are staff that gets paid big bucks to do checks and balances and asked how that happens.

Finance Director Woodcox explained the majority of that had to do with depreciation and said depreciation is not required to be reported in the budget however; it must be reported in the audited financial statements. She said depreciation is part of the net expenditures but not actually cash going out. She noted that the city was actually on track with the budgeted line items and the \$237,000 does not represent the amount of expenditures exceeding revenues.

Kathleen Kemp said related to Streets, she doesn't understand why the city has an outside contractor come in and work on streets with no city staff overseeing the work. She referred to the recent road work on Riverside Dr. and expressed concern about the work being substandard and asked who is responsible for overseeing it.

City Manager Knopp commented that he is responsible as Public Works Director and that the Building Inspector and Water/Roadways Superintendent also are involved with projects.

Mayor Wilson commented that staff provided a good overview of the budget but he would like to have a better understanding of the budget and suggested the Council have budget study session.

Finance Director Woodcox stated that as the person who inputs the numbers into the spreadsheets for the budget she is neutral and did not present this in a way that staff was trying to do anything except show what needs to be done.

Mayor Pro Tem Johnson stated that he spent 50 years in public works as a public works director and city engineer in Oregon and pointed that the city inherited a lot of the streets from the County and are very problematic because of the technique used at the time. He said when a street is dug up, it is virtually impossible to put in a patch that will last.

Consensus of the Council was to schedule a budget study session. City Manager Knopp agreed to notify Council members with potential dates for the meeting.

REPORTS/STAFF COMMUNICATIONS

City Manager Knopp reported on recent activities and events and distributed a written City Manager update. He said staff attended a BMMR workshop in Arcata along with representatives of the Bureau of Medical Marijuana Regulation and staff from other cities; reported that HCAOG and the county are sponsoring a study of potential bike trail connection routes between south Eureka and Scotia stating that for Rio Dell and Scotia, the barrier is the Eel River and an extension south of the Metropolitan area will require extensive modifications or replacement to either the north or southbound 101 bridges; said work is continuing on the city's website and staff has begun updating individual department pages; and reported on the Annual Spring Cleanup Event held on May 8th in conjunction with Eel River Disposal and said it was a huge success with 26.36 tons of material collected compared to 7.29 the previous year.

In addition, he reported on the progress of the downtown parking lot project and said to complete the project and stay on or close to budget, the original plan to install 14 planter boxes including soil and plantings is too expensive. He said staff is proposing to work with a local fencing contractor to install 12 foot sections of fencing separated by a planter box between sections of fencing to reduce costs. He said with Council's concurrence staff will bring the item back as an agenda item at the June 7, 2016 regular meeting.

Mayor Wilson said the upcoming meetings will be consumed with discussions on marijuana and the budget and as such, suggested the item be deferred until July; the Council concurred.

Finance Director Woodcox reported on recent activities in the finance department and said staff was making great progress entering documents into DosStar since they are no longer spending a portion of their time in the police department.

She also said if any council member has any specific questions or items they would like to talk about at the budget study session, to let her know so she have the information available.

Chief of Police Hill reported on recent activities in the police department and said he attended the law enforcement version of the BMMR meeting and as the city manager stated it is a very complex issue and noted that Humboldt County is being referred to more as a cultivation region.

He also announced there will be a Nuisance Hearing Committee meeting on May 24, 2016 at 3:00 p.m.

COUNCIL REPORTS/COMMUNICATIONS

Mayor Pro Tem Johnson announced that he would be attending a League of California Cities Division meeting in Lakeport on Friday, May 20th.

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Councilmember Marks stated that he participated in the Spring Clean-Up Event on Saturday and got compliments on the city employee (Cameron Yapple) working the event for doing a good job in keeping everything organized.

ADJOURNMENT

Motion was made by Johnson/Garnes to adjourn the meeting at p.m. to the May 24, 2016 special meeting. Motion carried 5-0.

Attest:

Frank Wilson, Mayor

Karen Dunham, City Clerk

**RIO DELL CITY COUNCIL
STUDY SESSION
MAY 23, 2016
MINUTES**

A Study Session of the Rio Dell City Council was called to order at 5:30 p.m. by Mayor Pro Tem Johnson.

ROLL CALL: Present: Mayor Pro Tem Johnson, Councilmembers Garnes, Marks and Thompson

Absent: Mayor Wilson (arrived after the meeting was called to order)

Others Present: City Manager Knopp, Finance Director Woodcox, Water/Roadways Superintendent Jensen, Wastewater Superintendent Chicora, Wastewater Superintendent Trainee Yapple and City Clerk Dunham

Absent: Community Development Director Caldwell and Chief of Police Hill

STUDY SESSION MATTERS

Review of Operating and Capital Budget for FY 2015-2017

City Manager Knopp stated that at the request of the City Council, staff is returning to take a closer look at the proposed Operating and Capital Budget for FY 2016-2017.

Finance Director Woodcox provided a recap of the budget presented at the May 3, 2016 Council meeting and a detailed summary of the changes as reflected in the budget presented at the May 17, 2016 meeting.

She began by identifying some positive details of the proposed budget and said the operating expenditures overall have been kept at minimal levels; staff was able to mitigate the rising costs in Employee Health Insurance, saving a significant amount of money; and staffing was cut by one position in the public works department which was the Utility I/II position.

She also noted that the fund balances are in line with the City's policy of maintaining the minimum fund balance of 15% with optimum 30% for the major funds. She explained what that means is that there will be at least 15% of the years' worth of expenditures sitting in that fund balance in each fund.

She mentioned that she had attended the City of Fortuna's budget presentation and that due to rising PERS cost, which do not affect the City of Rio Dell, as well as changes in rules they have to pay \$370,000 in PERS expenditures in their adopted budget; an increase of \$50,000 from the prior year.

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She explained the budget is broken up into two parts and explained the two major components are the Operating Budget and the Capital Budget. She said together these make up the entire spending plan for the City and as separate components they have very different priorities.

Finance Director Woodcox directed the Council's attention to the Budget Summary by Department and explained how the budget is broken out to give the Council an idea of what operational expenditures consist of as well as capital expenditures such as the debt service and capital projects.

She said when the proposed budget was presented to the Council on May 3rd, the operating expenditures were \$1,676 less than the prior year; when the budget came back to the Council on May 17th, within the operating budget, and expenditures had increased by \$18,000 representing an increase of \$16,324 from the prior year.

She said as explained at the May 17th meeting, the reason for the increase was due to the addition of the expense for new computer equipment and \$10,000 moved from the Capital Budget to the Operations Budget under the City Manager for economic development which was a priority in the current year budget.

She further explained that the expenditures presented on May 3rd were \$1.1 million and on May 17th had increased to almost \$1.6 million as a result of the Capital Projects budget increasing by 33%.

Finance Director Woodcox presented a *Proposed Capital Projects List for FY 2016-2017* totaling \$1,587,155 with the items presented to the Council on May 3rd framed in bold. She said if the Council would like to have the expenditures match with revenues, the list can be modified to do that.

She then reviewed a spreadsheet showing positive balances in each fund to reflect how much money is available without pulling from reserves and said essentially that's how the budget works and it's at the Council's discretion as to how much they want to spend in this fiscal year on Capital improvements.

Mayor Wilson pointed out that the \$35,000 for repairs to the Old Ranch Road water line was not included on the spreadsheet under the Capital Budget.

Finance Director Woodcox said she would make that correction.

She noted that the Streets Fund was already showing a \$60,000 deficit so when the 1/3 share of \$15,000 for the ditch witch tractor trailer, the deficit became \$75,000.

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Mayor Wilson noted that the reserve balance in the General Fund managed to go up and said the various documents don't reconcile from what his perspective. He wanted to know how the City is or is not depleting the fund balance. He said it seems to him that over \$100,000 is being taken out of reserves and yet doesn't reflect on the ending fund balance.

Finance Director Woodcox explained that part of the reason has to do with the previous ending year fund balance and amounts carried over from the previous year such as the \$45,000 for the Ogle/Belleview Drainage Project which was budgeted but not spent.

She invited Mayor Wilson to come by her office so she can go over the previous year's balance sheets with him so he can get a better understanding of where the numbers come from.

Mayor Wilson commented that he had asked for a budget summary of the current year compared to the past 5 years as part of the review tonight and was told it was in violation of the Brown Act. He said in 2014 the beginning fund balance was a specific number but that number seems to move around. He said there should be something that finalizes that number. He said it is great to buy things and make necessary improvements but that can only be sustainable for so long.

Finance Director Woodcox explained the final numbers are in the final audit report after the auditor makes the required adjustments which she said she can present if the Council would like her to do so.

Mayor Wilson stated that he would like to see a budget comparison for the last five years and at the very least going back to the 2013-2014 budget year.

Discussion continued regarding the Water Fund with regard to the water rate increase and the 5-year plan to set aside 20% for future capital improvements.

Finance Director Woodcox explained in this this year's budget the amount was based on a percentage and noted that once all operational expenditures are paid for, anything left over falls into the Capital Fund. She said it will fall short for FY 2015-2016 and in the 2016-2017 budget as well because rates were not fully implemented until January 2016. She explained that the 20% collected on water bills initially goes into Water Operations and at the end of the year is transferred into the Water Capital fund.

Mayor Wilson said in raising the water rates it was a super high priority, and was told to citizens that the City would be doing several capital improvements such as replacing the pre 1950's pipes and now the proposal is to purchase a ditch witch vector trailer and other things with Water Capital funds.

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Finance Director Woodcox explained that \$629,000 was budgeted for Water Operations expenditures and as she recalls, the amount estimated in the water study was \$679,000 so any amount left over in Water Operations will go into Water Capital.

Mayor Wilson asked staff if they replace any water pipes other than when they break.

Water/Roadways Superintendent Jensen said they have not at this point.

Mayor Wilson commented that \$144,000 was borrowed from the Water Capital to help balance the budget last year and was told that it would be paid back.

Finance Director Woodcox stated that it has been paid back and it will be included in a report to the City Council in August.

She pointed out that the budget is merely staff's guide with regard to spending and the numbers constantly change which is unavoidable; budgeting is never 100%.

Mayor Pro Tem Johnson stated the question tonight is whether the Council wants to see the Capital fund grow or want to extend it out and take care of some high priority capital projects such as the Old Ranch Road water line repairs.

Mayor Wilson agreed that Old Ranch Road repairs need to be addressed but for him it was hard to take when staff presented a budget with a surplus and two weeks later, a budget with a sizable deficit. He questioned whether the budget was ready to be presented due to the swing of over \$400,000 in proposed expenditures from one meeting to the next and asked the Finance Director to explain the budget process.

Councilmember Garnes said the questions should be directed to the City Manager; not the Finance Director as she is only putting in the numbers given to her.

City Manager Knopp stated that it was a judgement call that he made to recommend changes to the Capital Budget to make sure there were funds budgeted for the Ogle/Belleview Drainage project and to address some other problem areas with streets as well as some needed upgrades to the audio system in the Council Chambers and matching grant funds for two police vehicles. He noted that there is no shortage of capital projects in the City that need to be addressed and as the Finance Director pointed out, capital projects are at the discretion of the Council.

Mayor Pro Tem Johnson suggested they look at the proposed capital projects one by one and take a straw vote of the Council as to whether they should remain or be removed from the capital projects list for this budget.

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Melissa Marks said she understands that any funds remaining in the operations budget at the end of the year flows over the capital budget and that the front office staff works in water and sewer and until recently spent some of their time in the police department. She asked the Council to consider lowering payroll expenses by shifting staff utilizing Measure Z Funds.

Mayor Wilson commented that the City was saving money by using Measure Z funding to pay for a portion of the front office staff when they assisted in the police department and now he sees that arrangement has changed and there is a new part-time employee in the police department.

The Council went back to the ***FY 2016-2017 Proposed Capital Projects*** list as presented and looked at each individual item.

The first item under General Fund was the Parking Lot at \$6,132 which was a carryover from the prior year's capital projects.

Councilmember Marks said that he didn't particularly care if the parking was beautified as long as it is functional. As such the straw vote of the Council was 4-1 to leave it on the list.

The next item which was also a carryover from the prior budget was the Ogle/Belleview Drainage project.

City Manager Knopp explained the \$45,000 was budgeted to cover the cost of the engineering study and it was suggested that perhaps the best way to address the drainage issues in that neighborhood may be through a benefit assessment district which is still an option. He noted that \$45,000 is not really enough money to address the problem and he made the decision to hold off and try to come up with a plan to break the project up into various phases and to possibly hold the money as a Prop 1 grant match. He said staff is working with GHD to explore the feasibility of the grant and that the Prop 1 grant goal is to address ways to reduce storm water runoff by establishing retention/detention basins. He said this is somewhat of an evolving story and staff will be coming back to Council to discuss next steps.

He said staff is recommending the \$45,000 be left in the capital budget to try and use it in the most effective way possible to alleviate the flooding problems in that neighborhood.

Councilmember Thompson said over a period of probably 40 years, Winzler & Kelly (GHD) has done multiple drainage studies and it came to the point with Jim Stretch was City Manager to work toward getting the project shovel ready in the event grant funding became available. He said the shovel ready goal no longer exists but should grant funding

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become available, the City needs to have the grant match available. He noted that residents in that neighborhood are very upset about the drainage problems that have been going on for decades.

City Manager Knopp pointed out that the City has created a certain degree of liability by allowing it to get worse including allowing new development which is part of the reason for recommending the purchase of the ditch witch vactor trailer so the public works crew can clean out the drains.

Mayor Pro Tem Johnson said the money has been included in the capital budget for a few years now and the goal should be to spend it.

The Council all agreed to leave the Belleview/Ogle Repairs on the list.

The next item on the list was the City's grant match of \$40,000 for two new police vehicles.

Councilmembers questioned the age of the vehicles being replaced, when the last two new SUV's were purchased, the number of vehicles versus the number of sworn officers, the cost for totally equipped vehicles, and if it is typical for officers to take vehicles home while off-duty.

Staff responded that the vehicles being replaced are around 2002 models, the two new SUV's were purchased in 2013, there are currently 5 sworn officers including the Chief and 5 vehicles, the cost for each vehicle fully outfitted is around \$40,000, and that it is typical for officers to take vehicles home as the response time is quicker if they are called out to respond.

Melissa Marks commented that when Ron Henrickson was City Manager he tried to have the Chief as an on-shift patrol officer.

Mayor Wilson said the police department budget consumes probably 70% of the general fund and that's the price the City has to pay for public safety.

The Council all agreed to leave the matching funds for the police vehicles on the list

The next item on the list was a \$38,000 subsidy for Streets maintenance and repairs.

Mayor Wilson stated that part of the subsidy is for flashing speed signs which is nice but if the police department would write more tickets the signs wouldn't be needed.

Councilmember Garnes stated that she would like to see more than \$30,000 budgeted for street maintenance and repairs even though it will draw down the General Fund reserves.

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She said it would show the citizens that they are getting something positive for the increased water rates even though the money would not be coming out of the water funds.

City Manager Knopp noted that it is important if the City is going to draw down the fund balance, to have something to show for it such as permanent infrastructure. He said one of the worst areas in need of street repair is at the end of Bellevue Ave. going into Blue Slide Road. He said that is what the original \$30,000 was budgeted for. He said the north end of Rigby Ave. is also high priority and worth taking a look at. The other priority areas included the Davis St. overpass and the Fern St. dip.

Melissa Marks stated that she understood Danco was going to pave the area mentioned on Rigby Ave. as part of their improvement plans for the proposed housing development.

City Manager Knopp said the project is currently on hold and the roadway is continuing to deteriorate to the point that vehicles are driving on the wrong side of the road to get around it.

He added that the Water/Roadways Superintendent provided a list of priority street repairs with corresponding cost estimates.

Mayor Wilson reiterated that he would like to eliminate the \$8,000 for the flashing speed signs because writing tickets would take care of the problem.

City Manager Knopp said one option related to street repairs would be to talk to the contractor when they come in and do the paving under the Active Transportation Grant (ATP) in 2017 to perhaps get a better deal.

He said it pains him to do anything to draw down the fund balance but in this case feels it's appropriate and recommended the estimated \$71,000 for the seven street projects listed on the cost estimate be included on the capital projects list for the 2016-2017 budget and increase the general fund subsidy for streets from \$38,000 to \$80,000.

The Council all agreed with the recommendation.

The last item under General Fund Capital Projects was \$6,500 for upgrade of the audio system in the Council Chambers.

City Manager Knopp stated that this is another item carried over from the current budget and said it would include some new microphones, projector, screen suspended from the ceiling and associated wiring to improve functionality and allow citizens to hear. Also, there is a safety issue with the wires running across the floor.

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Councilmember Marks felt the safety issue should be addressed however; the rest of the upgrade could wait.

The Council agreed to reduce the \$6,500 to \$1,500 to allow for wiring and outlets only.

Proposed Water Capital projects were discussed next beginning with the Wells Project.

City Manager Knopp reported the project went out to bid and staff would be meeting with contractors the next day.

Councilmembers expressed concern that the City's match for the project at \$133,529 seemed high.

Finance Director Woodcox said the number was taken from the last presentation by GHD.

After brief discussion, the Council agreed to leave the Wells Project on the list as presented.

City Manager Knopp explained the proposed Ditch Witch Vactor Trailer is basically a huge vacuum used to pull out debris. He noted that the City currently owns a large vactor truck but it is not terribly reliable. He said with the rental of a smaller vactor, the crew was able to clean out debris on Ogle Ave.

Mayor Wilson questioned the cost of renting the equipment as opposed to purchasing it and how often it would be used.

Water/Roadways Superintendent Jensen stated they had the equipment for a couple of days and the bill was \$600.00. He said provided they had enough manpower, they could utilize the equipment every day for a month but that is not the case.

Mayor Wilson questioned why the City would buy equipment without having the manpower to operate it and recommended staff manages their schedule and rent the equipment when needed.

He pointed out that there is at least one citizen that is adamantly against the purchase of a vactor and he will let the Council know about it.

Wastewater Superintendent Chicora commented that the citizen he was referring to was against the purchase of a vactor truck but the vactor trailer is one-third of the cost. He said the public works department needs something available when a leak occurs after hours because equipment rental places are not open.

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Melissa Marks agreed and said sewer backups can also happen after hours and need to be taken care of right away. She asked if the equipment could be used for both water and sewer jobs.

Mayor Pro Tem Johnson said he thought the City already has a trailer mounted jet rodder.

Wastewater Superintendent Chicora said the City does have one but needs a tractor mounted system to go with it.

He stated that a vactor with a jet rodder would probably be used more for water and storm drains, and not necessarily sewer.

Councilmember Marks said if the public works department needs the equipment then leave it on the list.

Council agreed to leave the Ditch Witch Vactor Trailer on the Capital Projects list as recommended.

City Manager Knopp said the \$20,000 on the list for spot repairs was intended to be set aside for priority repairs to the water distribution system such as when leaks pop up unexpectedly. He said with this, staff can plan for more comprehensive repairs. He noted that if there is a need to increase that amount, staff would come back to the Council for approval.

The Council agreed to leave Spot Repairs on the Capital Project list as recommended.

Water/Roadways Superintendent Jensen noted that the \$8,000 estimate for the filter recoating could possibly go up.

The council agreed to leave the Filter Recoating on the Capital Project list as recommended.

The last item on the list related to Water was the Old Ranch Road Water Line Repairs.

Councilmember Marks asked when staff expected the project to start.

City Manager Knopp said staff is currently in discussions with Humboldt Redwood Co. (HRC) to allow the City access to do the work and noted it is in their best interest to have the water line buried so hopefully something can be worked out.

Discussion continued regarding setting a deadline with regard to getting a response from HRC. The Council agreed to direct staff to draft a letter to HRC expressing that the project

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is the City's highest priority and needs to have a response regarding access by July 31, 2016.

Mayor Pro Tem Johnson questioned the need to get together with the Dinsmore Zone property owners again for a round table discussion to make sure everyone is on the same page. Council concurred.

Moving on to Sewer Capital Projects, City Manager Knopp noted that the \$15,000 for I & I Repairs was a carryover from the current budget as well as the 2 Sewer Lift Station Pumps for \$30,000.

After brief discussion, the Council agreed to leave all items on the Sewer Capital Projects list as recommended.

The last item on the Capital Projects list was \$160,000 under the CDBG Fund for ADA improvements at City Hall.

City Manager Knopp explained the CDBG Program Income money must be spent to be eligible for additional CDBG funding and said the City recently contracted with the County to manage the program and help get the projects going. He noted that the ADA improvements to the porch will be visible and much more accessible and safer and as an extension to the project, may be able to get some ADA work done on the bathrooms.

The Council agreed to leave the CDBG project on the Capital Projects list as recommended.

Mayor Wilson asked councilmembers if they had anything they would like to add to the list.

City Manager Knopp pointed out that staff removed some items from the Capital Projects list before submitting it to Council such as the 5-yard dump truck for public works and other public works equipment as well as the water line replacement on Ash & Birch Streets.

Mayor Wilson said he understood staff to say that the Capital Improvement Funds will be starting to show more revenue for big projects and asked if staff could set up a mechanism whereby the Council is provided a status report on the Capital Projects every time the Council reviews the budget. He also said he would like to see balance sheets from FY 2013-2014 to present to see a trend of where revenues are going. He said he also requested a summary like what was presented for the revenue budget with a complete breakdown of all funds.

Councilmember Thompson asked for the difference in cost between a lease- purchase or cash purchase of vehicles.

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Finance Director Woodcox said she would have to research it but as far as the budget she said cash on the balance would be replaced with an asset.

Mayor Wilson commented on the reduction of two public works staff and asked if the current crew can realistically handle the workload.

Water/Roadways Superintendent Jensen noted that there is a deficit in the Streets Funds and yet two of the workers work mostly in Streets. He said most water and sewer jobs such as water leaks or sewer plugs require two people which sometimes become a problem. He said in cases of emergencies or some sort of natural disaster, they will likely have to call an outside contractor to come in.

City Manager Knopp said the City is continuing to run a deficit in the Streets Funds and even fewer services will be provided if things don't change. He commented that the Gateway median is very labor intensive.

He said when the applications come in for the Utility Worker position; the staffing level may need to be reevaluated. He noted the Water Fund will be in a better position so the Council may want to consider filling two positions instead of one.

He said the Council is authorizing 16.8 positions in this budget and to increase that number, it will have to come back before the Council for an amendment to the position allocation table.

Mayor Wilson commented that the new part-time person in the police department was hired without Council approval.

Finance Director Woodcox commented that when the decision was made to bring the Finance staff back it was reported to the Council in staff reports.

City Manager Knopp noted that it was also discussed and approved when the Measure Z request for funding was brought before the Council for approval.

Mayor Pro Tem Johnson confirmed that the City Council was informed back in February or March that staff would be advertising for the part-time position.

Mayor Wilson said he will accept he is mistaken if staff can provide written documentation and said the Council is going to have to talk about this arrangement. He said personally he would like to go back to utilizing current staff in the police department and save the \$33,000 of Measure Z funding.

He presented the concept of perhaps not opening City Hall to the public until 9 a.m. instead of 8 a.m. and closing at 4 p.m. instead of 5 p.m. to allow staff to get more work done.

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Mayor Pro Tem Johnson said he is all in favor of saving money but doesn't like this idea.

Councilmember Marks commented that he wasn't sure he understood the concept.

Councilmember Garnes said she would like staff to come back with a report to Council on how the concept could or couldn't work.

Mayor Pro Tem Johnson pointed out that he recalled the Finance Director indicating that finance staff was falling behind on their work which was the reason for ending the arrangement.

Finance Director Woodcox said that was correct as well as there was a disconnect among staff.

Water/Roadways Superintendent Jensen stated that is also created some problems regarding work orders for their department.

Councilmember Marks asked staff if they thought closing the office a couple of hours a day would help make the former arrangement work.

Finance Director Woodcox said that it may make the arrangement manageable.

Mayor Wilson asked if there is any money for salary increases for the two Utility Workers.

Finance Director Woodcox said unfortunately there is no money in Streets which is where most of their time is spent so the General Fund would have to subsidize any increases.

Mayor Wilson said with contract negotiations coming up soon, he would like staff to bring back to Council the cost to bring those positions up to \$15.00/hr. He said you get what you pay for and with low wages there is no motivation for multi-qualified workers.

Discussion continued regarding Measure U revenue.

Mayor Wilson asked what the City has to show for it and said he was told by citizens that when councilmembers and staff were going door-to-door campaigning for Measure U, they were told the money would pay for an additional police officer.

Finance Director Woodcox explained that the money goes into the General Fund and 66% of General Fund revenue goes toward police services.

Mayor Pro Tem Johnson noted that he and Councilmember Marks went out together and knocked on doors and made no such promises.

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He commended staff for bringing forth a clear, easy to understand budget. He also said when the dust settles on the cannabis issues the Council needs to come back and talk about salary increases and new contracts for contract employees.

Mayor Wilson commented that he presented tough questions that were meant to be tough and the Finance Director answered them well.

Finance Director Woodcox said she will make the recommended adjustments to the budget and bring it back to the Council at the next regularly scheduled meeting on June 7, 2016 for consideration and possible adoption.

ADJOURNMENT

The meeting was adjourned at 7:58 p.m. to the special meeting on July 24, 2016 at 6:30 p.m.

Frank Wilson, Mayor

Attest:

Karen Dunham, City Clerk

**RIO DELL CITY COUNCIL
SPECIAL MEETING
MAY 24, 2016
MINUTES**

A special meeting of the Rio Dell City Council was called to order at 6:30 p.m. by Mayor Wilson.

ROLL CALL: Present: Mayor Wilson, Mayor Pro Tem Johnson, Councilmembers Marks and Thompson

Absent: Councilmember Garnes (excused)

Others Present: City Manager Knop, Finance Director Woodcox, Community Development Director Caldwell, Chief of Police Hill and City Clerk Dunham

Absent: Roadways Superintendent Jensen and Wastewater Superintendent Chicora (excused)

Mayor Wilson announced the passing of Jimmy Smith who served as a Humboldt County Supervisor from 2001-2012. He called for a moment of silence in his memory and said his passing will certainly be a loss to our community.

PUBLIC PRESENTATIONS

Community Development Director Caldwell announced that if there is any member of the public that would like to address the Council on any matter other than the Track and Trace Program or the Medical Marijuana Tax Measure should do so at this time.

There was no public comment received.

CONSENT CALENDAR

Motion was made by Johnson/Marks to approve the consent calendar approving the Employment Contract and Job Description for Wastewater Superintendent Trainee. Motion carried 4-0.

SPECIAL MEETING MATTERS

Discussion on the Track and Trace Program and Continued Public Hearing on the Commercial Medical Cannabis Land Use Ordinance (CMCLUO), Section No. 17.30.195 of the Rio Dell Municipal Code

Community Development Director Caldwell provided a staff report and said this is the fourth in a series of meetings regarding the discussion of the Medical Cannabis Regulation

and Safety Act (MCRSA) and the proposed Medical Cannabis Land Use Ordinance. He said at this meeting, the Council will be discussing the State's Track and Trace Program and Local Tax Options.

He continued with a staff report and said Track and Trace is a three part program regulated by the Department of Food and Agriculture, the Bureau of Medical Cannabis Regulations, and the State Board of Equalization. The intent is to basically limit or prevent fraud by illegal diversion or collection of taxes.

He noted that the Governor has allocated \$8 million in the State's budget for Track and Trace software.

Community Development Director Caldwell continued with review of the proposed **MMRSA Track and Trace Regulations, City of Rio Dell Commercial Medical Cannabis Land Use Ordinance.**

He explained that in order to identify permitted medical marijuana plants at a cultivation site, a unique identifier such as a zip tie will be attached to the base of each plant. He said these identifiers and associated identifying information administered by the City will adhere to the requirements set by the State and will include information such as:

- The quantity or weight, and variety of products shipped.
- The estimated times of departure and arrival.
- The quantity or weight, and variety of products received.
- The actual time of departure and arrival.
- A categorization of the product (flowers, edibles etc.).
- The license number and the unique identifier for all licenses involved.

Community Development Director Caldwell noted that the track and trace program does not apply to qualified patients or primary caregivers cultivating marijuana for personal medical use provided they comply with the maximum cultivation area under the City's regulations.

He explained the track and trace database is designed to flag irregularities for all licensing authorities who will have access to the database and be able to share information related to licensees. Also, the licensing authorities and state and local agencies may at any time, inspect shipments and request documentation for current inventory.

It was also noted that dispensaries will no longer be able to keep loose marijuana buds in a jar on the counter and everything will be required to be individually pre-packaged.

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Councilmember Thompson said regarding tracking of tobacco products, he believes there is a massive black market for cigarettes. He said a lot of tobacco comes in from other countries and he feels the track and trace program will be just another program the state will not be able to control.

Mayor Pro Tem Johnson stated that it is significantly true between states with high cigarette taxes such as New York and said cigarettes are brought in from other states to avoid the tax.

Community Development Director Caldwell stated that the City of Arcata has entered into an agreement with Bio-Track THC for their track and trace program whereas; the County has chosen to implement a pilot program with SICPA.

He noted that staff recently met with a SICPA representative to discuss their track and trace program and currently there are twelve (12) cultivators who have volunteered to participate in the pilot program. He said both SICPA and Bio-Track THC have offered to make presentations to the City Council. He explained that this goes hand-in-hand with any tax program the city adopts.

Councilmember Thompson referred to the second page of Attachment 1 of the packet related to the steps under the track and trace program and expressed concern that there were items listed in the information packet to Council not included in the proposed ordinance.

Community Development Director Caldwell explained that the proposed ordinance recites state law and that the language hasn't changed except for some minor revisions.

Mayor Wilson said as things evolve there will be changes and asked if the ordinance will have to go back to the Planning Commission for review.

Staff explained it would only need to go back to the Planning Commission if there were significant changes to the ordinance.

He referred to the Legislative Analyst Office (LAO) website which talks about revisions.

Mayor Pro Tem Johnson stated that he would like to hear from representatives of the track and trace programs.

Community Development Director Caldwell pointed out that the general fund would have to bear the cost of implementing a track and trace program without having any cannabis related businesses operating in the city yet. He noted that the state's cost is approximately \$8 million but the cost for the city is unknown at this time.

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He noted that SICPA invited the city to participate in the pilot program with the county at no cost provided the city has any applicants between July and November which is when the pilot program will run.

Mayor Wilson asked if participation in a track and trace program is required upon approval of a cultivation license.

Community Development Director Caldwell noted that they would not be required to participate in a program until 2018 and until then, they would be allowed to operate. He said he spoke to someone at the Bureau of Medical Cannabis Regulations (BMMCR) and was told that the city can issue local licenses without the permittee obtaining a state license.

He commented that Daniel Sparks from Bio-Track THC just arrived and is available to answer specific questions related to their track and trace program.

Mayor Pro Tem Johnson commented that staff had mentioned that the State is backing away from requiring individual identifiers such as zip ties on clones and is thinking about only requiring them on batches. He asked what constitutes a batch said there are a lot of different products produced from plants and asked how they are going to keep track of everything from the cloning room to the dispensary.

Daniel Sparks explained that a batch is quantified by what the governing agency determines it to be. He said in the state of Washington there is a 5lb. limit on batches so for that size of batch, a certain size of sampling is given to the testing laboratory for testing of whatever the governing agency determines to test for.

He noted that in Washington they require plants to be weighed before and after they are dried and that data is entered into the track and trace system.

He explained that Bio-Track THC has two (2) versions of the track and trace software; the government version traceability and the private sector commercial version.

Councilmember Thompson presented the example of someone starting off with 5 lbs. of marijuana and it is put into the track and trace program but as it moves on through the various processes breaking it down asked who is responsible then and how Bio-Track guarantees the product is tracked once it's broken down. He commented that this is where people who want to avoid paying taxes will divert some of the product.

Daniel Sparks stated that no vendor can guarantee 100% that there will be no diversion or inversion of the product into the black market but the program provides a window for regulators to spot instances where there needs to be further investigation.

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Councilmember Thompson asked who enters the information into the system.

Daniel Sparks explained under a vertically integrated program the grower could also be the dispensary and actually also the extractor. He said under the MMRSA there are limitations for vertical integration so there will be certain instances where someone can have two (2) license types, potentially a cultivator and dispensary but under MMRSA as he understands it, there are a set of controls to somewhat mitigate what Councilmember Thompson is referencing.

Councilmember Thompson pointed out that it seems that information is going to be entered by people that may not be trustworthy.

Daniel Sparks disagreed and said a majority of these will be legally operated businesses who are willing to comply with regulations. He said the process will separate the good actors from the bad actors.

Mayor Pro Tem Johnson commented that Washington is different because they have both medical and recreational marijuana and asked if he knows the significance of problems in Washington with the black market and if the Council is encouraging the black market to exist by doing this.

Daniel Sparks said he thinks that regulations that put undue burden on a culture that has dealt with a lot of persecution from various law enforcement groups promotes the black market. He said again, they are not all bad actors and a lot of people are seeing this community as a place with people that sustain their families through abiding by the law as it currently stands. He stated that he believes there is a minority of people operating as Councilmember Thompson described.

Mayor Wilson asked if he had any information on which license types tend to have more problems.

He said as far as data, Colorado has a thriving medical marijuana system that co-exists with their adult recreational marijuana industry.

Mayor Wilson said he is good with medical marijuana when being used as intended and said he has learned a lot about it over the last several months. However, he still sees this as potential to divert marijuana into the black market for recreational use. He said cultivation and processing are areas where it could be loosely monitored and there is certainly room in this process to find a way to get around regulations.

He said in the beginning of the review process, the Council looked at land use to see where the various businesses would most appropriately fit and reserved the idea at that time that they may not be appropriate in certain zones. He noted that some businesses that generate

larger revenue such as a highly regulated facility like the plan presented to the Council at a former meeting may need more control versus greenhouses in the rural areas of the City. He pointed out that this is a learning process for the Council and he understands what Councilmember Thompson is saying because there certainly is room in this process for people to abuse it.

He commented that there is a growing movement by people beginning to surface who are interested in opening medical marijuana related businesses but the Council is also seeing people in the community that have other concerns. He said as a Council they are here to serve the entire community and it is their responsibility to get it right.

Councilmember Marks asked what the cost is for implementing their track and trace program.

Daniel Sparks explained for the governmental traceability version what they have offered the city of Arcata and what they have agreed upon is what they are referring to as a zero-burden model which is effectively where the permittees sustain the program through a small fee that is issued upon a triggering event such as harvesting, transporting, etc. He said how those triggering events are delineated is to be determined but is a very small fee operationally for the permittee; literally 1 cent per identifier. As such, there is a zero burden on cities themselves. In addition, Bio-Track collects a 1 cent fee from the permittee for every bar code issued which is how they operate.

Community Development Director Caldwell noted that the MMRSA authorizes the state to impose fees for the track and trace program to recover their costs.

Mayor Wilson asked if businesses, for the most part, are willing to absorb the cost of the program and said it's a great idea that the city is going to get money to fix all the city's problems but what he keeps hearing is that it is "yet to be determined."

Daniel Sparks noted that the federal government prohibits cannabis related businesses to write off any overhead costs because it is classified as a schedule 1 drug.

Mayor Pro Tem Johnson questioned how these companies propose to make any profit without having any tax write offs.

Daniel Sparks said the cost is basically transferred to patients as part of the cost of the medicine. He stated that California has allowed medical marijuana since 1996 and just recently passed the Medical Marijuana Regulations Safety Act. Since then, there has been a lot of progress made but there is a lot to be determined by every level of government. He said the facilities operating within the law will remain in business.

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Councilmember Thompson said as councilmembers serving the citizens of Rio Dell they were all sworn in to abide by all city, state and federal laws. He said marijuana cultivation is illegal under federal law and as councilmembers they could basically be hung out to dry.

His concern was that government at a higher level could say the industry is getting out hand and come after local jurisdictions.

Daniel Sparks noted that cannabis is designated as a schedule 1 drug and the Department of Justice has been defunded against prosecuting at the state and local level. He said the creation of a regulated program is to make sure people are getting the right medicine, kids are protected, and facilities are operating within the law. He said a regulated market promotes and insures quality assurance which is actually a service to the community.

Mayor Wilson called for public comment.

Susan Strahan said she is totally against marijuana and that she works in the medical field and has been dealing with Obama Care which has been a disaster.

She referred to an article in the *Lost Coast Outpost* today talking about what a disaster it has been and the challenges the county is facing since adoption of a Commercial Medical Marijuana Land Use Ordinance and the strain it has put on current resources and staff.

She added that she was not able to attend the last meeting but doesn't want what this element brings to the community. She said there is already a problem and it doesn't matter how much money the Council thinks the city will collect in taxes and questioned how much more it will cost for extra police protection. She said everyone wants citizens to believe what they are saying but marijuana is illegal and marijuana industry will bring in an element to Rio Dell that she doesn't want here.

Tom Bertain addressed the Council and said he is opposed to the Medical Marijuana proposal being discussed. He said he believes it is an inappropriate fit for Rio Dell and will have a serious impact on the social and cultural environment. He added that just because the state has passed a law making it legal doesn't mean it is morally correct or acceptable by everyone. He questioned how much of that extra revenue will be spent on oversight, infrastructure, code enforcement, labor costs and other expenses before the remaining funds are spent on improving the quality of life for the citizens of Rio Dell. He said this is a good place to live and the citizens and residents of Rio Dell are the stakeholders in this situation. He asked for the Council's consideration to reflect the citizen's wellbeing and tranquility of life.

David Bridge commented that there is a process to avoid diversion of marijuana and said in Colorado the entire process has to be on camera including the destruction of any products.

He noted that a research company called *Straight Line Analytics* provides analytic expertise and did research on track and trace programs in Colorado and Washington. He said with regard to costs, they talk about diversion costs, cost for code enforcement as well as taxes which may help answer a lot of questions. He said he would provide the website link to staff.

Melissa Marks said she got the impression that track and trace programs need to be compatible and said she can see that as additional costs.

Daniel Sparks explained a multiple-vendor approach as it relates to the track and trace program would not require additional costs. He said he talked to SICPA representatives and participants in that program will also be participating in that co-habitation that will likely occur.

He said with regard to the different systems, be it for the City of Arcata, the County of Humboldt, the State of California or the Federal Government, they will create a customized platform that allows both the regulators and the businesses to comply with whatever that requirement is.

Mayor Wilson asked if there will be a mandated standard format for reporting.

Daniel Sparks said Bio-Tech THC uses an (API) Application Program Interface so the program can communicate with other programs. He noted that as a third party tracking vendor, they can upload data to the state's program.

Faith Hansen commented that she is opposed to the proposed marijuana ordinance and appreciates the City Council wanting to take the time to slow down to look at it a little more. She said her family recently moved back to Rio Dell and is still trying to catch up on everything going on but she did call the city of Fortuna and was told by the Assistant to the City Manager that they decided to ban the program in Fortuna. She said eventually they will revisit this but in order to meet the deadline they chose to ban it. Also, they didn't want to be the "ginny pigs" and lose money in the process. She wondered why Rio Dell hasn't chosen to do that as well. She referred to the problems in the County and said they are looking at a catastrophe and is completely unprepared with the manpower needed to address the situation. She asked if the little city of Rio Dell is prepared for the costs associated with implementation of the Medical Marijuana Land Use Ordinance. She said aside from that, is the city prepared for what it will bring including extra costs as well as crime.

James Bidwell reminded everyone that the Arcata dispensary was voted as Business of the Year and said Arcata has adapted well to the new regulations and crime has not increased as a result of it. He said to deny medicine to patients that need it is to deny 100 miles of medicine and the suggestion to restrict dispensaries to the Eel River Industrial Park is only

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opening opportunities up to big industries. He suggested the ordinance be revised to allow small dispensaries in other area of the city.

Community Development Director Caldwell noted that the City Council will actually be discussing dispensaries at their June 7, 2016 regular meeting.

Alonzo Bradford addressed the Council and said he had a neuropathic seizure and was stuck inside all day and unable to do anything. He said he can't tolerate most pain medication and if there was anything here on that day that could have helped such as a local dispensary or even a neighbor who grows would have been helpful noting that medical marijuana provides the most relief. He noted that there is a 2 page list of the medications he has to take to function and that he has a body of an 80 year due to all of his medical issues. He asked the Council to think about people that lose a day of their life when it could be avoided with medical marijuana. He asked the Council to not ignore people who are really sick and need it and not to bring in the recreational aspect of it but to think of it as alternative medication and the relief it provides.

The public comment period was closed.

Councilmember Thompson commented that he also spoke with the Mayor of Fortuna and verified what Ms. Hansen said was correct. He said he is greatly concerned about the activities already done because as this effort progresses the Council keeps being told it is in the process and won't be implemented until 2018 or 2020 which tells him there's no hurry for the city to adopt a bad ordinance and said he feels it is bad the way it is being proposed. He expressed concern that the areas proposed for cultivation is taking real estate off the market and restricting parcels available for construction of new homes.

He stated that he was prepared to make a motion and confirmed with the City Clerk that he is allowed to do so under legal protocol.

A motion was then made by Councilmember Thompson that the City Council sends the Medical Marijuana Land Use Ordinance back to the Planning Commission with direction to bring forth a new ordinance to incorporate the area that includes the former Eel River Sawmill site bordered by Northwestern Ave. on the northeast side of Highway 101 and on the southwest side and entrance on the south end with a new land use designation of Marijuana Industrial Commercial (MIC).

He added that he in no way will be in favor of allowing unlimited grows in the proposed zoning designations so at this time is presenting the proposed motion to the council for consideration.

Mayor Wilson asked for a point of clarification from the City Clerk on the legality of the motion.

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City Clerk Dunham stated that the item on the agenda is a continued public hearing on the Commercial Medical Cannabis Ordinance so the motion seems to be within the agenda subject matter.

Councilmember Thompson stated that the motion on the floor needs to have a second to move forward; once that occurs it can be brought to discussion.

Community Development Director Caldwell expressed concern that most of the participants of these meetings were of the understanding that the City Council was going to discuss taxation and the track and trace program at this meeting. He said he indicated that on June 7, 2016 would be discussion on dispensaries and testing laboratories and the ordinance in general including different aspects of the ordinance. He said he feels it would be a more appropriate time to discuss it then so duly public notice is provided for stakeholders involved and members of the community.

Mayor Wilson deferred back to the City Clerk.

City Clerk Dunham clarified that Councilmember Thompson is correct in that any councilmember can bring a motion to the floor provided the motion is related to an item on the agenda; also a second is required to discuss or debate the issue.

She said as the Community Development Director indicated the two main topics of discussion tonight are the track and trace program and taxation although the agenda does state the continued public hearing on the Medical Cannabis Land Use Regulations Ordinance. She said with that it seems that it is basically a matter of interpretation.

City Manager Knopp stated that the agenda item is dedicated to the track and trace program and tax options and since Councilmember Garnes is not in attendance and in the interest of full transparency, suggested the discussion be deferred to the June 7, 2016 regular meeting with a full council which is the next opportunity for the City Council to vote on the ordinance. He said the next step is for the Mayor to call for a second on the motion.

Mayor Wilson deferred to the City Clerk once again.

City Clerk Dunham advised that if the mayor or a councilmember would like to second the motion, the matter would then be open for discussion and a vote.

Mayor Wilson called for a second on the motion; the motion died due to lack of a second.

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Councilmember Thompson stated that he is very disappointed in the direction the City Council is taking regarding opening up zones for cultivation and other activities. He said the people who live here have spent millions of dollars in improvements and feels the proposed cultivation is too large for the City Council to control and that the area north of the city as proposed is adequate.

Mayor Wilson responded to the comments made by Alonzo Bradford and said he had a conversation with his Pastor who went through six years of watching his wife suffer with multiple sclerosis (MS) before her tragic death and said she had a morphine pump in her stomach and said there was no pain medication that would relieve the pain. He said he finally was able to see the pain go away with a medical marijuana vapor spray and edibles. He said he also watched what his wife went through after her recent auto accident and became aware of the potential side effects of the drugs that were prescribed to her. Since that time he said he has become an advocate for medical marijuana, realizing its medical benefits.

He said he is still in the learning stage and is in favor of slowing down the approval process. He noted that the City Council has the best interest of the community and respects their opinions. He encouraged people on both sides of the issue to bring feedback to the Council and said the Council will listen to everyone's concerns. He said he also understands there are people that want to bring business to Rio Dell to boost the economy but the issue is not quite as simplistic as he originally thought.

Mayor Wilson called for a 5 minute recess at 7:53 p.m.

The meeting reconvened at 7:59 p.m.

Presentation on Medical Cannabis Tax Measure for November 2016 Ballot

City Manager Knopp provided a power point presentation on the ***Medical Marijuana Tax Measure*** for the November 2016 Ballot.

He began by providing background information beginning in 1996 when Prop 215 was passed to 2015 when Governor Brown signed into law the *Medical Marijuana Safety and Regulation Act (MMRSA)*.

He said among the many clarifications contained within MMRSA, the law clearly reinforces the ability for local government to tax medical cannabis and wanted to make sure everyone differentiates between the Medical Marijuana Land Use Ordinance and the Tax Measure as this only relates to taxation.

City Manager Knopp said the tax would only impact permit holders who cultivate, process and dispense medical cannabis so anyone not involved in marijuana would not pay the tax.

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He noted that the state of California collected \$63 million in sales taxes from medical marijuana sales last year and since the city doesn't have a dispensary, did not collect any of those taxes.

He continued with review of two (2) legislative bills being proposed that are not included in the Medical Marijuana Regulation and Safety Act (MMRSA) which are:

- **SB 987** by Senator McGuire to impose a 15% excise tax on retail purchases of medical marijuana, above and beyond the current 7.5+ sales tax plus various local business taxes assessed by some localities.
- **AB 2243** by Assemblyman Wood to impose a cultivation tax of \$9.25 per ounce on medical marijuana flowers, \$2.75 per ounce on leaves, and \$1.25 on each immature plant sold to licensed distributors in the state.

He noted that both bills require a 2/3 majority vote to pass and SB 987 is criticized as being a simple "sin tax" whereas; AB 2243 is seen as being more industry friendly.

City Manager Knopp pointed out that if the goal is to end the cannabis black market, taxes have to be reasonable.

He explained the ***Adult Use of Marijuana Act*** is considered to be the most likely marijuana legalization ballot measure to succeed in November and includes:

- 15% sales tax plus \$9.25 per ounce on flower and \$2.75 per ounce on leaves.
- Restricts Corporate/Large Scale Licensee's.
- Allows local governments to tax.

Mayor Pro Tem Johnson asked if the 15% sales tax is in addition to the normal sales tax.

Community Development Director Caldwell explained the 15% is exempt for medical marijuana and if it passes it will eliminate the current tax on medical marijuana.

Next was review of other regulatory fees and possible extension of the county tax on municipalities which was reported to be unlikely.

City Manager Knopp stated that the proposals as presented will guarantee the state will take the majority of all new cannabis revenues; under the Medical Marijuana Regulation and Safety Act (MMRSA) local governments will take on a high regulatory burden under dual permitting; and if no tax is levied, the city will still be taking on a high regulatory burden.

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He said the question is whether the City Council wants to propose a General Tax or a Specific (Special) Tax on Medical Cannabis.

He explained a Special Tax requires 2/3 voter approval, is used for a specific purpose, and is less likely to achieve voter approval whereas; a General Tax only requires a simple majority vote (50% + 1) to pass and may be used by the city for any lawful purpose. For the General Tax ballot measure to move forward, it must be consolidated with the regular general election on November 8, 2016.

City Manager Knopp then presented three (3) Business Tax Options including:

- Flat Rate, Percentage Based Tax
- Square Footage Tax
- Specific Excise Tax

Councilmember Thompson asked what one (1) ounce of cannabis sells for.

David Bridge commented that it depends on seasonality and also quality. He said one (1) pound can go as low as \$500 and currently it is selling at around \$1,800 - \$2,200 per pound.

Another member of the public said an ounce would perhaps sell for \$80 - \$100.

City Manager Knopp noted that the administrative burden between a Business Tax and Excise Tax is minimal.

Councilmember Thompson asked if the tax can be included as part of the Conditional Use Permit (CUP) and annual inspection process.

Community Development Director Caldwell pointed out that government agencies cannot charge any more than the actual cost of providing a service. He said those fees are separate and distinct from the tax options talked about now.

City Manager Knopp continued with review of other cannabis tax ballot measures passed in other jurisdictions across the state including Desert Hot Springs, Oakland, Long Beach, Shasta Lake, and Vallejo. He stated that there is no set standard between jurisdictions and noted that the City Attorney referred staff to Vallejo's ballot measure/tax method which appears to have the highest degree of flexibility.

He provided a handout on potential ***Points of Taxation – Medical Cannabis MMRSA*** and said the Vallejo tax method establishes differing tax rates for different categories of marijuana businesses as defined by ordinance. He commented that they charge marijuana

businesses a tax of up to 10% and the Council can amend that rate up to a total of 10% by ordinance.

Councilmember Thompson used the Arcata dispensary as an example and asked if they were to start the business of delivering products to sell to the Rio Dell community if they would be required to get a business license from Rio Dell similar to other businesses that deliver goods.

City Clerk Dunham explained it depends on the actual point of sale so if the business transaction takes place in Rio Dell they would be subject to a Business License. Whereas, if they are only delivering goods purchased in Arcata, they are exempt under the *Delivery by Vehicle* section of the ordinance.

City Manager Knopp reviewed the ***Ballot Measure Calendar*** and said July 5, 2016 is the final target date for adoption of the Resolution and Ordinance on any proposed tax measure. He noted that staff has set aside all Tuesdays in June to complete the review with June 14th targeted for introduction of the ordinance and June 21st for possible adoption or July 5th if necessary.

Councilmember Thompson asked what happens if the city approves the tax measure and three years down the road, the City Council discovers it isn't right. He questioned the mechanism for eliminating the tax or lowering it.

City Manager Knopp explained the Council has the authority to reduce a tax by ordinance but to increase a tax, it would require going back on the ballot for a majority vote of the people.

Community Development Director Caldwell stated that Vallejo's sliding tax scale seems to be the best option because of the flexibility it allows.

Councilmember Thompson stated that he has expressed his concerns regarding the need to protect children and create a mechanism to provide funding for schools. He said based on recent statistics he has researched, any jurisdiction that has approved marijuana regulations has generated problems in schools.

He said Leslie Yale, Rio Dell School Superintendent is already looking into hiring a counselor at \$93,000 and said that he feels that through the marijuana industry, \$200,000 needs to be generated either through taxes or some other method to help address problems in the school.

He suggested a study session be held with the representatives from the school to discuss potential options.

Mayor Wilson questioned whether the statistics he was referring to is specifically related to medical marijuana or recreational marijuana.

Councilmember Thompson said it is related to 215 cards.

Mayor Wilson asked if there are problems currently in the Rio Dell school system related to 215 cards.

Councilmember Thompson responded that the information is confidential but according to what he has read in the newspapers there are problems associated with kids in schools with parents who have 215 cards.

Mayor Wilson stated that he is not minimizing there are problems in school and said he has grandchildren who attend Rio Dell School and is aware of the need for a school counselor but is not understanding what the problems are with regard to medical marijuana. He agreed with the idea of having a study session with the school.

City Manager Knopp stated that perhaps the Councilmember Thompson could advocate for 1/3 of the tax collected to go to the school but it would be a Special Tax. Also, there is nothing in the General Tax that says the city can't dedicate a portion of that revenue to fund drug addiction programs.

He said the question is whether the Council wants a General Tax or a Special Tax that is basically carved in stone, or leave the discretion to future City Council's as to where the tax should go.

Mayor Wilson stated that this is another point of discussion and he is not prepared to decide tonight. He said there is a strong argument in having a Special Tax if the goal is to address the needs of the school which necessitates the need to have a study session and sit down with school officials and see if that's what they want.

Mayor Pro Tem Johnson asked how the Vallejo tax program is working out.

City Manager Knopp said staff can look into it and come back to Council with additional information.

Mayor Pro Tem Johnson said that he is leaning toward a General Tax and the Vallejo model is an interesting one to consider. He also noted that he may be out of State on June 14th and thinks that it is absolutely critical to have all five (5) voting members present to make the decision.

City Manager Knopp said he was trying to think of an example where a Special Tax was used for medical marijuana or cannabis in general but can't think of one.

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He stated that staff will try and schedule a follow-up meeting but there are some fundamental questions staff is going to need guidance from the Council on in order to move forward with an initial draft of a proposed ordinance. He said specifically the questions are Related to the type of tax whether it is a General Tax or Special Tax, and the Business Tax option of a flat rate tax, square footage tax or specific excise tax.

He pointed out that whatever options the Council chooses, the language will have to be reviewed by the city attorney.

He said the goal is to bring the black market into compliance because it is the black market that encourages crime and creates a lot of the devastation that is seen not just in this community but in other north coast communities and across California. He noted that the city needs to set a tax level where the city gets its fair share but isn't too greedy and taking in a huge amount of money.

He also pointed out that Rio Dell is strategically in a good position in that there has been a lot of interest from professional people in this business in terms of processing cannabis and also geographically in the heart of the Emerald Triangle, along Highway 101 and trucking routes. He said there are a lot of unincorporated areas surrounding the city and if there is a processing center where products can be exported to huge markets throughout the state and the city is able to create a competitive tax scheme, the city and the community will benefit and will have a better opportunity to address the so called "bad actors" who are spoiling the industry for everyone. He reiterated that considerations for the Council are the flexibility of the tax and the duration of the tax.

Mayor Wilson said when talking about processing centers and people bringing product in from other locations, wanted to know if those have to be licensed, regulatory grows.

Staff responded that they would have to be.

Councilmember Thompson stated that the Council is being pushed hard on all of this and asked what the consequences are to go ahead and move it to the November election.

City Manager Knopp said the reason he wanted to differentiate between the MCLUO and the tax measure is because the City Council can put a tax measure on the ballot and voters can vote on it but the real hammer in terms of controlling medical cannabis and potentially legal adult recreational cannabis is going to be through the Council's power through the Land Use Ordinance.

He said what that means is that the Council can set a tax but don't necessarily have to authorize these businesses to come to the community in the end.

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Mayor Wilson said it makes no sense to create an ordinance to allow medical marijuana activities without having a tax mechanism in place.

Community Development Director Caldwell clarified that if the tax doesn't pass, the Council can simply repeal the ordinance.

He noted that on June 7th the discussion will focus on dispensaries, testing laboratories and as requested by the Council, will be revisiting cultivation sites. He said assuming the Council is able to get through those items; there will possibly be time to talk again about tax initiatives.

Mayor Wilson pointed out the busy schedule and said unless mid-week informational meetings are scheduled; the Council will not get through everything and is essentially running out of time.

Community Development Director Caldwell stated that one option the Council may want to consider is to suspend ordinance discussions at this point in order to fine tune the ballot measure.

He pointed out that if the ordinance is not adopted, the tax would obviously not be implemented even if it's passed by the voters.

City Manager Knopp said what they did in Desert Hot Springs is actually passed the tax measure before they were actually authorized to collect revenue so when the ordinance was in place they were able to collect it.

Mayor Pro Tem Johnson said about a month ago he had requested a medical doctor attend a meeting and asked if that is still on the horizon.

City Manager Knopp commented that he has not yet received confirmation from Dr. Baird but is continuing to make contact with other doctors.

Discussion continued regarding the upcoming meeting schedule.

City Manager Knopp noted that staff wanted to schedule a study session with GHD regarding City projects and there may be opportunity to combine that study session with discussions with the doctors.

Councilmembers agreed that it would be better to not combine the two meetings and agreed to set aside every Tuesday in June for cannabis related issues.

ADJOURNMENT

Motion was made by Johnson/Marks to adjourn the meeting at 9:20 p.m. to the June 7, 2016 regular meeting. Motion carried 4-0.

Frank Wilson, Mayor

Attest:

Karen Dunham, City Clerk

*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
riodellcity.com*



June 7, 2016

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager 

SUBJECT: Authorize the Mayor to Sign Letter of Endorsement for Gordon Johnson as City Representative to the Local Agency Formation Commission

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Approve Authorize the Mayor to Sign Letter of Endorsement for the Appointment of Councilmember Johnson as the City Representative to the Local Agency Formation Commission (LAFCo)

BACKGROUND AND DISCUSSION

LAFCo is composed of a seven member board which includes two County supervisorial members appointed by the Board of Supervisors, two city council members appointed by the HCAOG Mayor Selection Committee, two special district members appointed through a special district board nomination process, and one public member selected by the other six members. Commission members serve four-year terms. There is also one alternate member for each of the four classifications.

Councilmember Johnson has expressed interest in serving on the Board and is requesting the City Council's endorsement.

///

*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
riodellcity.com*



June 7, 2016

Mayor City Selection Committee
Humboldt County Local Agency Formation Commission
1125 16th Street, Suite 202
Arcata, CA 95521

RE: Support for Gordon Johnson on LAFCo

To whom it may concern,

At the regular meeting of the Rio Dell City Council held on June 7, 2016, the City Council voted unanimously to approve the endorsement of Councilmember Gordon Johnson as the continued City Representative to the Local Agency Formation Commission (LAFCo).

Councilmember Johnson expressed interest in serving and would like to be considered for additional time on the Commission. Councilmember Johnson has a wealth of experience in both private and public sectors, experience with LAFCo, and has the temperament required for this leadership position.

Councilmember Johnson would be a tremendous asset to LAFCo and on the behalf of the Rio Dell City Council we thank you for your consideration of his continued appointment to the Commission.


Sincerely,

Frank Wilson
Mayor, City of Rio Dell

*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
riodellcity.com*



June 7, 2015

TO: Rio Dell City Council
FROM: Kyle Knopp, City Manager 
SUBJECT: Annual Adjustment to Eel River Disposal Garbage Rates

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Approve the proposed rate adjustment with Eel River Disposal and accept it as an amendment to the Solid Waste and Recycling Franchise Agreement, effective July 1, 2016.

BACKGROUND AND DISCUSSION

The Solid Waste Franchise Agreement with Eel River Disposal (ERD) contains a Consumer Price Index (CPI) adjustment in section 2.03.04. As documented in the packet, the new disposal rate per ton is \$113.89, an increase of \$0.09. The CPI rate adjustment for January of 2016 is +1.4% and so therefor, the change in the disposal rate per ton that can be attributed to ERD has increased by \$0.09 cent. Last year, there was an actual decline in the CPI, leading to a \$.01 per ton decrease for ERD. Aggregated per ton costs associated with Humboldt Waste Management Authority fees remained level compared to last year.

Attached is a comparison with fee levels from last year along with a cover letter from Eel River Disposal.

The adjusted disposal rates can be found in Exhibit A.

The CPI adjustment has been applied to the collection rate pursuant to the contract. The new collection rates can be found on Exhibit B.

Exhibit C details the combined rate, which is simply the disposal rate by size plus the collections rate by size. Together, these total the combined rate. (Exhibit A + Exhibit B = Exhibit C)

Exhibit D displays the Bureau of Labor Statistics data for the CPI calculation.

Exhibit E is attached to demonstrate the breakdown of the per ton rate by size of the container

Exhibit F displays the services provided directly to the City through the franchise agreement.

///

Solid Waste Fees - City of Rio Dell		
Effective Date	7/1/2015	7/1/2016
ERD FEES		
ERD Labor Cost (75% of CPI)	\$7.07	\$7.14
ERD Operations (75% of CPI)	\$4.38	\$4.43
ERD Scale Maintenance (75% of CPI)	\$0.77	\$0.78
ERD Haul Cost Avoidance (75% of CPI)	-\$10.71	-\$10.82
ERD Capital Cost (fixed fee)	\$5.88	\$5.88
ERD Return on Investment (75% of CPI)	\$6.69	\$6.76
Subtotal	\$14.08	\$14.17
HWMA FEES		
Countywide Program Fees		
Administration	\$1.91	\$1.91
Household Hazardous Waste Program	\$6.29	\$6.43
Cummings Road Landfill Maintenance	\$4.67	\$4.44
Cleanup/Enforcement Programs	\$0.57	\$0.57
Rural Container Program	\$4.52	\$4.68
County/Cities AB939 Programs	\$4.93	\$4.52
Table Bluff Landfill Maintenance	\$0.94	\$0.81
Countywide Enforcement (LEA)	\$2.66	\$3.13
Subtotal	\$26.49	\$26.49
HWMA Base Fees		
Administration	\$4.30	\$4.30
Universal Waste Programs	\$0.89	\$0.89
Recycling Programs	\$6.38	\$6.38
Cummings Road Landfill Operations	\$5.50	\$5.50
Subtotal	\$17.07	\$17.07
Facility Fees		
Operations (Transportation & Disposal)	\$55.01	\$55.01
Indirect	0	\$0.00
Capital Expenditures	N/A	N/A
Subtotal	\$55.01	\$55.01
OTHER FEES		
Fortuna Host Fee (pass through)	\$1.15	\$1.15
Subtotal	\$1.15	\$1.15
TOTAL FEES		
Total ERD Fees	14.08	14.17
Total HWMA Fees	\$98.57	\$98.57
Total Other Fees	\$1.15	\$1.15
Grand Total All Fees	113.80	113.89



May 23, 2016

City of Rio Dell
Mr. Kyle Knopp
675 Wildwood Ave
Rio Dell, CA, 95562

RE: Rate increase to be effective 7-1-16

Dear Kyle:

Please find enclosed new rate sheets reflecting our proposed rate change based upon the CPI, this year the change is +1.4 %. There was an increase in the disposal rate, last year the rate was \$ 113.80 per ton and this year it is \$ 113.89 per ton. The rate change should be effective July 1, 2016.

If you should have any questions I can be reached at 725-5156.

Sincerely,

Karen Smith
Office Manager

07/01/16

RIO DELL

ERD FEES:

ERD Labor Cost	\$7.14 75 % of CPI
ERD Operation	\$4.43 75 % of CPI
ERD Scale Maintenance	\$0.78 75 % of CPI
ERD Haul Cost Avoidance	-\$10.82 75 % of CPI
ERD Capital Cost	\$5.88 FIXED FEE
ERD Return on Investment	\$6.76 75 % of CPI

HWMA FEES:

Operations	\$55.01
Indirect Expenses	\$0.00
Payroll	\$17.07
Capital Expenditures	\$0.00
Transportation	
Landfill	
Household Hazardous Waste Program	\$6.43
County/City Recycling Programs	\$4.52
Table Bluff Maintenance	\$0.81
County Local Enforcement Agency (LEA)	\$3.13
Cleanup Fees	\$0.57
Cummings Landfill Maintenance, Monitoring	\$4.44
County Rural Container Subsidy	\$4.68
Administration	\$1.91
Other Fees (Fortuna Host fee of 1.15 per ton)	\$1.15

TOTAL

\$113.89

City of Rio Dell

Disposal Rates EXHIBIT A

113.89 Per Ton
Effective 7-1-16

Bag Service **1 Bag**
Regular \$1.92

Monthly Rate
20-Gallon Can **1 Can**
1xWeekly \$5.19

Monthly Rate
32-Gallon Can **1 Can** **2 Cans** **3 Cans** **4 Cans**
1xWeekly \$8.31 \$16.62 \$24.94 \$33.25
2XWeekly \$16.62 \$33.25 \$49.87 \$66.50

Monthly Rate
Bins No Rental **1 Yard** **1.5 Yard** **2 Yard** **3 Yard** **4 Yard** **6 Yard** **8 Yard**
1xWeekly \$52.47 \$78.70 \$104.94 \$157.41 \$209.88 \$314.82 \$419.75
2xWeekly \$104.94 \$157.41 \$209.88 \$314.82 \$419.75 \$629.63 \$839.51
3xWeekly \$157.41 \$236.11 \$314.82 \$472.22 \$629.63 \$944.45 \$1,259.26

City of Rio Dell

Collection Rate
EXHIBIT B

Bold numbers
effective 7-1-16

0.014

Bag Service **1 Bag**
Regular \$4.49

\$4.55

Curbside Recycling \$6.14

\$6.23

Monthly Rate
20-Gallon Can **1 Can**
1xWeekly \$15.27

\$15.48

Monthly Rate	1 Can	2 Cans	3 Cans	4 Cans
32-Gallon Can	\$17.47	\$24.48	\$33.91	\$39.94
1xWeekly	\$30.48	\$46.27	\$65.16	\$77.25
2XWeekly				
	\$17.71	\$24.82	\$34.38	\$40.50
	\$30.91	\$46.92	\$66.07	\$78.33

Monthly Rate	1 Yard	1.5 Yard	2 Yard	3 Yard	4 Yard	6 Yard	8 Yard
Bins No Rental	\$29.47	\$44.20	\$58.99	\$88.50	\$117.93	\$176.98	\$236.53
1xWeekly	\$52.60	\$87.82	\$117.23	\$175.75	\$234.68	\$351.60	\$468.83
2xWeekly	\$88.50	\$131.82	\$175.75	\$263.77	\$351.60	\$527.35	\$703.57
3XWeekly							
	\$29.88	\$44.82	\$59.82	\$89.74	\$119.58	\$179.46	\$239.84
	\$53.34	\$89.05	\$118.87	\$178.21	\$237.97	\$356.52	\$475.39
	\$89.74	\$133.67	\$178.21	\$267.46	\$356.52	\$534.73	\$713.42

Bin Rental	1 Yard	1.5 Yard	2 Yard	3 Yard	4 Yard	6 Yard	8 Yard
	\$19.65	\$22.37	\$25.14	\$30.67	\$36.07	\$47.45	\$55.30
	\$19.93	\$22.68	\$25.49	\$31.10	\$36.57	\$48.11	\$56.07

City of Rio Dell

Combined Rate
EXHIBIT C

To be effective 7-1-16

Bag Service	1 Bag						
Regular	\$6.47						
Curbside Recycling	\$6.23						
Monthly Rate							
20-Gallon Can	1 Can						
1xWeekly	\$20.68						
Monthly Rate							
32-Gallon Can	1 Can	2 Cans	3 Cans	4 Cans			
1xWeekly	\$26.03	\$41.45	\$59.32	\$73.75			
2XWeekly	\$47.53	\$80.17	\$115.94	\$144.83			
Monthly Rate							
Bins No Rental	1 Yard	1.5 Yard	2 Yard	3 Yard	4 Yard	6 Yard	8 Yard
1xWeekly	\$82.35	\$123.52	\$164.75	\$247.15	\$329.46	\$494.27	\$659.60
2xWeekly	\$158.28	\$246.46	\$328.75	\$493.03	\$657.72	\$986.15	\$1,314.90
3XWeekly	\$247.15	\$369.78	\$493.03	\$739.69	\$986.15	\$1,479.18	\$1,972.68
Bin Rental	1 Yard	1.5 Yard	2 Yard	3 Yard	4 Yard	6 Yard	8 Yard
	\$19.93	\$22.68	\$25.49	\$31.10	\$36.57	\$48.11	\$56.07

Rio Dell

Exhibit D

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FONT SIZE

Change Output Options:

From: 2006 To: 2016 GO

☐ include graphs ☐ include annual averages

More Formatting Options

Data extracted on: May 19, 2016 (4:10:19 PM)

Consumer Price Index - All Urban Consumers

Series Id: CUUR0000SA0
 Not Seasonally Adjusted
 Area: U.S. city average
 Item: All items
 Base Period: 1982-84=100

Download:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HALF1	HALF2
2006	198.3	198.7	199.8	201.5	202.5	202.9	203.5	203.9	202.9	201.8	201.5	201.8	200.6	202.6
2007	202.416	203.499	205.352	206.686	207.949	208.352	208.299	207.917	208.490	208.936	210.177	210.036	205.709	208.976
2008	211.080	211.693	213.528	214.823	216.632	218.815	219.964	219.086	218.783	216.573	212.425	210.228	214.429	216.177
2009	211.143	212.193	212.709	213.240	213.856	215.693	215.351	215.834	215.969	216.177	216.330	215.949	213.139	215.935
2010	216.687	216.741	217.631	218.009	218.178	217.965	218.011	218.312	218.439	218.711	218.803	219.179	217.535	218.576
2011	220.223	221.309	223.467	224.906	225.964	225.722	225.922	226.545	226.889	226.421	226.230	225.672	223.598	226.280
2012	226.665	227.663	229.392	230.085	229.815	229.478	229.104	230.379	231.407	231.317	230.221	229.601	228.850	230.338
2013	230.280	232.166	232.773	232.531	232.945	233.504	233.596	233.877	234.149	233.546	233.069	233.049	232.366	233.548
2014	233.916	234.781	236.293	237.072	237.900	238.343	238.250	237.852	238.031	237.433	236.151	234.812	236.384	237.088
2015	233.707	234.722	236.119	236.599	237.805	238.638	238.654	238.316	237.945	237.838	237.336	236.525	236.265	237.769
2016	236.916	237.111	238.132	239.261										

12-Month Percent Change

Series Id: CUUR0000SA0
 Not Seasonally Adjusted
 Area: U.S. city average
 Item: All items
 Base Period: 1982-84=100

Download:

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	HALF1	HALF2
2006	4.0	3.6	3.4	3.5	4.2	4.3	4.1	3.8	2.1	1.3	2.0	2.5	3.8	2.6
2007	2.1	2.4	2.8	2.6	2.7	2.7	2.4	2.0	2.8	3.5	4.3	4.1	2.5	3.1
2008	4.3	4.0	4.0	3.9	4.2	5.0	5.6	5.4	4.9	3.7	1.1	0.1	4.2	3.4
2009	0.0	0.2	-0.4	-0.7	-1.3	-1.4	-2.1	-1.5	-1.3	-0.2	1.8	2.7	-0.6	-0.1
2010	2.6	2.1	2.3	2.2	2.0	1.1	1.2	1.1	1.1	1.2	1.1	1.5	2.1	1.2
2011	1.6	2.1	2.7	3.2	3.6	3.6	3.6	3.8	3.9	3.5	3.4	3.0	2.8	3.5
2012	2.9	2.9	2.7	2.3	1.7	1.7	1.4	1.7	2.0	2.2	1.8	1.7	2.3	1.8
2013	1.6	2.0	1.5	1.1	1.4	1.8	2.0	1.5	1.2	1.0	1.2	1.5	1.5	1.4
2014	1.6	1.1	1.5	2.0	2.1	2.1	2.0	1.7	1.7	1.7	1.3	0.8	1.7	1.5
2015	-0.1	0.0	-0.1	-0.2	0.0	0.1	0.2	0.2	0.0	0.2	0.5	0.7	-0.1	0.3
2016	1.4	1.0	0.9	1.1										

TOOLS

Areas at a Glance
 Industries at a Glance

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 Location Quotient

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INFO

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 Careers @ BLS

RESOURCES

Inspector General (OIG)
 Budget and Performance

EXHIBIT E

SIZE	TON	RATE	Rate/cont.	Monthly Rate	Rate w/FF	Monthly Rate w/ff
	1#/GAL-202#/YD					
20 Gallon	0.01	\$ 113.89	1.14	4.94	1.20	5.19
32 Gallon	0.016	\$ 113.89	1.82	7.90	1.92	8.31
40 Gallon	0.02	\$ 113.89	2.28	9.87	2.40	10.39
64 Gallon	0.032	\$ 113.89	3.64	15.79	3.84	16.62
1 Cu Yd	0.101	\$ 113.89	11.50	49.85	12.11	52.47
1.5 Cu Yd	0.1515	\$ 113.89	17.25	74.77	18.16	78.70
2 Cu Yd	0.202	\$ 113.89	23.01	99.69	24.22	104.94
3 Cu Yd	0.303	\$ 113.89	34.51	149.54	36.32	157.41
4 Cu Yd	0.404	\$ 113.89	46.01	199.38	48.43	209.88
6 Cu Yd	0.606	\$ 113.89	69.02	299.08	72.65	314.82
8 Cu Yd	0.808	\$ 113.89	92.02	398.77	96.87	419.75

EXHIBIT F

SERVICE TO THE CITY RIO DELL FRANCHISE AGREEMENT

CONTRACTOR shall provide CITY with solid waste collection of up to twelve 32-gallon cans per week. The CITY may increase this limit by one can per year. CITY reserves the right to control the location and frequency of pick up within the above stated limits. Locations of bins are to be designated by CITY from time to time in writing. CONTRACTOR shall also provide recycling service to CITY. The list of materials that CONTRACTOR is required to pickup for such recycling collection shall not exceed that established in this Agreement, or as it is from time to time amended. (See section 2.01.03.05 in regard to recycling service.)

Current Can Locations: as of January, 2007

Police & City Hall	3 cans
Corporation Yard	1 four yard dumpster
Public Cans located throughout town	9 cans

CONTRACTOR will also provide services one day per year for a clean up event. Those services will include disposal bins and recycling bins. Recycling will include metals, wood, cardboard, and appliances. CONTRACTOR will provide labor to assist residents with their material. CONTRACTOR will not be required to accept tires, hazardous materials, liquids, household garbage, commercial waste, or waste from remodeling projects. Participants will be required to demonstrate that they are residents of Rio Dell. The CITY will pay for disposal costs of the disposed material from the event, but will not pay for transportation, or CONTRACTOR's labor. CITY and CONTRACTOR will work together to maximize recycling and minimize disposal. CITY will be responsible for organizing and publicizing the event. CITY will determine the date for the event.

*Rio Dell City Hall
675 Wildwood Avenue
Rio Dell, CA 95562
(707) 764-3532
riodellcity.com*



June 7, 2016

TO: Rio Dell City Council

FROM: Kyle Knopp, City Manager

SUBJECT: Discussion on Medical Cannabis in General and its Relationship to the Rio Dell Medical Marijuana Land Use Ordinance and Possible Local Tax Measures.

IT IS RECOMMENDED THAT THE CITY COUNCIL:

Ask questions and discuss

BACKGROUND AND DISCUSSION

The Rio Dell City Council is currently considering two proposals related to Medical Cannabis: A land use ordinance change and a tax measure on Cannabis. Both proposals have been made possible by the Medical Marijuana Safety and Regulation Act (MMRSA), and many communities around the State are considering land use and taxation proposals.

The City Council has requested that appropriate medical doctors be invited to the council meeting to be available to answer questions and provide their perspective and analysis on Medical Cannabis. Staff has received two commitments from two local doctors to attend the Council meeting. Dr. Donald Baird is a physician and the Humboldt County Health Officer, and Dr. Diane Dickinson is a physician who is regarded as an expert in the field of medical cannabis. Both Doctors have had long and well respected careers in medicine.


The Doctors will be invited to give a short talk on cannabis, but the primary purpose of their presence is to be available to help answer questions posed by members of the City Council.


///



For Meeting of: June 7, 2016

To: City Council

From: Kevin Caldwell, Community Development Director 

Through: Kyle Knopp, City Manager 

Date: May 16, 2016

Subject: SB 1069 – Second Units and Removal of Local Land Use Authority

Recommendation:

That the City Council:

1. Review the Staff Report and attached information; and
2. Authorize the Mayor to sign the attached letter opposing the legislation.

Background

The City recently received the attached information from the League of California Cities regarding SB 1069. In summary the intent of SB 1069 is to facilitate housing opportunities in the State. Although the intent is good, the legislation as proposed would severely limit local jurisdictions ability to impose certain conditions, including parking. As the Council is aware, parking is one of the primary concerns related to second units. The legislation would also prohibit the City from imposing sewer and water connection fees. Staff believes that the inability to impose sewer and water connection fees could result in the need to increase rates on existing customers. The League has requested local jurisdictions to submit comments on the impacts of the proposed legislation to the author of SB 1069, Senator Bob Wieckowski. Attached is a draft letter prepared for the Mayor's signature opposing AB 1069.

Please review the draft letter and authorize the Mayor to sign it on the City's behalf.

Attachments

Attachment 1: Draft Letter opposing SB 1069.

Attachment 2: Copy of Action Alert and SB 1069



June 7, 2016

Honorable Bob Wieckowski
Member, California State Senate
State Capitol Building, Room 3086
Sacramento, CA 95814
Via FAX: (916) 651-4910

Subject: SB 1069 Accessory Dwelling Units

Dear Senator:

The City of Rio Dell was recently informed of your proposed legislation, SB 1069, relating to second units, which would be renamed "accessory dwelling units." It's our understanding that SB 1069 is so prescriptive that it removes local land use flexibility and limits the public engagement process.

One of the primary issues in our City is the lack of on-site parking. Many of our streets are not wide enough to accommodate on-street parking and a two-lane travelway. In addition, many streets are used to store trailers, boats and recreational vehicles. Under SB 1069, additional parking associated with accessory dwelling units on our congested streets could exacerbate this problem.

In addition, this measure could result in rate hikes to existing private and public utility customers. Under SB 1069, accessory dwelling units cannot be considered a new residential unit for purposes of calculating utility connection fees. The cumulative impact of new units on a water or sewer system could create financial strains for our City resulting in potential rate hikes on existing customers who have already paid their fair share to be part of that system.

For these reasons, the City of Rio Dell respectfully opposes SB 1069.

Sincerely,

Frank Wilson, Mayor

Copy: Senator McGuire
Meg Desmond, League of California Cities, mdesmond@cacities.org

ACTION ALERT!!

SB 1069 (Wieckowski) Second Units and Removal of Local Land Use Authority

OPPOSE

Politics of Housing in Sacramento

The Legislature has unofficially made this the year of housing. There has been a host of hearings in both the Senate and Assembly on the housing crisis and housing affordability. The League has been proactive in supporting several measures that increase affordable housing funding and allow for program flexibility at the local level. However, there has been an alarming trend to introduce measures that seek to take away local control and create mandates for local governments in the housing and land use arena. In years past, the League has had to contend with just a few of these challenging proposals, but now the theme is clear. Advocates want to do something to increase housing production in the state and in their view it is easier to pass legislation that 1) circumvents the public engagement process; 2) increases the possibility of endless litigation; and 3) removes local authority and eases restrictions on housing production rather than measures that may create a burden on the state's general fund that will actually create new housing.

Background on SB 1069:

SB 1069 would rename second units as "Accessory Dwelling Units" or "ADUs." Accessory dwelling units refers to accessory apartments, second units, or granny flats — all of which are additional living quarters on single-family lots that are independent of the primary dwelling unit. These spaces are equipped with kitchen and bathroom facilities and can be either attached or detached from the main residence. Existing law gives a property owner the ability to construct an accessory dwelling unit on their property, should they meet certain local zoning and building requirements.

SB 1069 would limit the ability of cities to impose certain standards on accessory dwelling units. Specifically, it would:

- Repeal the ability of local governments to enact ordinances that prohibit accessory dwelling units if they are contained within the existing space of a single-family residence or accessory structure;
- Impose a burdensome requirement for local agencies to act on an accessory dwelling unit permit application within 90-days after the submittal of a complete building permit;
- **Prohibit local agencies from imposing parking standards on units that meet certain conditions;**
- **Prohibit the imposition of sewer and water connection fees which will create practical impediments to the development of ADUs and unfunded capital costs for sewer and water providers; and**
- Creates a new unfunded state-mandated local program.

Arguments/Talking Points

- **SB 1069 is so prescriptive that it removes any local land use flexibility and limits the public engagement process.**
 - This measure departs significantly from existing law which prescribes the minimum standards of a local ordinance of an ADU and instead prescribes the maximum standards of an ADU thereby removing all local land use flexibility.
 - Local governments must balance competing priorities when determining the conditions attached to the development of accessory dwelling units.
 - Working with residents of our communities, cities must look at the potential impacts on the community that result from these units, such as, impaired neighborhood character,

spillover effects on nearby homes and businesses due to inadequate parking, and loss of privacy for existing homeowners.

- This measure is so prescriptive that it removes the ability of the community to participate in the planning process for ADUs.
- **This measure could result in rate hikes to existing private and public utility customers.**
 - Under SB 1069, an ADU cannot be considered a new residential unit for purposes of calculating utility connection fees.
 - The cumulative impact of thousands of new units on a water or sewer system could create financial strains for utility agencies resulting in rate hikes on existing customers who have already paid their fair share to be part of that system.
- **SB 1069 could result in increased litigation to cities.**
 - This measure would force cities to approve a dwelling that it may consider dangerous or unsafe by removing the ability to require a sprinkler system and creates large loopholes for the construction of potentially unsafe and unsustainable residences.

ACTION:

SB 1069 passed the Senate Appropriations Committee today. The bill is eligible to be heard on the Senate Floor as early as this Thursday, May 12. Please **CALL your Senator** and urge their **NO vote on the floor ASAP**.

You may also send a letter of CITY OPPOSITION to your Senator. Sample letter is attached or you may use the [League's Action Center](#) to submit a letter online.

CITY LETTERHEAD

DATE

Honorable Bob Wieckowski
Member, California State Senate
State Capitol Building, Room 3086
Sacramento, CA 95814
Via FAX: (916) 651-4910

RE: **SB 1069 (Wieckowski) Accessory Dwelling Units** *(Version 4/26/16)*
Notice of Opposition

Dear Senator:

The **City/Town of** _____ is opposed to your **SB 1069**, which would further restrict a local agency's ability to impose requirements on second units, which would be renamed "accessory dwelling units."

SB 1069 is so prescriptive that it removes any local land use flexibility and limits the public engagement process. The measure departs significantly from existing law which prescribes the minimum standards of a local ordinance of an ADU and instead prescribes the maximum standards of an ADU thereby removing all local land use flexibility.

In addition, this measure could result in rate hikes to existing private and public utility customers. Under SB 1069, an ADU cannot be considered a new residential unit for purposes of calculating utility connection fees. The cumulative impact of thousands of new units on a water or sewer system could create financial strains for utility agencies resulting in rate hikes on existing customers who have already paid their fair share to be part of that system.

[If you have specific examples of the impact of this bill on your city/town, please include here.]

Local governments must balance competing priorities when determining the conditions attached to the development of accessory dwelling units. Working with residents of our communities, cities must look at the potential impacts on the community that result from these units, such as, impaired neighborhood character, spillover effects on nearby homes and businesses due to inadequate parking, and loss of privacy for existing homeowners.

For these reasons, the **City/Town of** _____ supports/opposes **SB 1069**.

Sincerely,

NAME
TITLE

CITY/TOWN of _____

cc: Your Senator
Your League Regional Public Affairs Manager (via email)
Meg Desmond, League of California Cities, mdesmond@cacities.org

AMENDED IN SENATE APRIL 26, 2016

AMENDED IN SENATE APRIL 13, 2016

AMENDED IN SENATE APRIL 6, 2016

SENATE BILL

No. 1069

Introduced by Senator Wieckowski
(Coauthor: Assembly Member Atkins)

February 16, 2016

An act to amend Sections 65582.1, 65583.1, 65589.4, 65852.150, 65852.2, and 66412.2 of the Government Code, relating to land use.

LEGISLATIVE COUNSEL'S DIGEST

SB 1069, as amended, Wieckowski. Land use: zoning.

The Planning and Zoning Law authorizes the legislative body of a city or county to regulate, among other things, the intensity of land use, and also authorizes a local agency to provide by ordinance for the creation of 2nd units in single-family and multifamily residential zones, as specified. That law makes findings and declarations with respect to the value of 2nd units to California's housing supply.

This bill would replace the term "second unit" with "accessory dwelling unit" throughout the law. The bill would add to those findings and declarations ~~that that, among other things,~~ allowing accessory dwelling units in single-family or multifamily residential zones provides additional rental housing stock and these units are an essential component of housing supply in California.

The Planning and Zoning Law authorizes the ordinance for the creation of 2nd units in single-family and multifamily residential zones to include specified provisions regarding areas where accessory dwelling units may be located, standards, including the imposition of

parking standards, and lot density. Existing law, when a local agency has not adopted an ordinance governing 2nd units as so described, requires the local agency to approve or disapprove the application ministerially, as provided.

This bill would *instead* require ~~an~~ the ordinance for the creation of accessory dwelling units to include ~~specified provisions regarding areas where accessory dwelling units may be located, standards, and lot density.~~ the provisions described above. The bill would prohibit the imposition of parking standards under specified circumstances. The bill would revise requirements for the approval or disapproval of an accessory dwelling unit application when a local agency has not adopted an ordinance. The bill would also require the ministerial approval of an application for a building permit to create an accessory dwelling unit within the existing space of a single family residence or accessory structure, as specified. ~~By~~

By increasing the duties of local officials, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 65582.1 of the Government Code is
2 amended to read:

3 65582.1. The Legislature finds and declares that it has provided
4 reforms and incentives to facilitate and expedite the construction
5 of affordable housing. Those reforms and incentives can be found
6 in the following provisions:

7 (a) Housing element law (Article 10.6 (commencing with
8 Section 65580) of Chapter 3).

9 (b) Extension of statute of limitations in actions challenging the
10 housing element and brought in support of affordable housing
11 (subdivision (d) of Section 65009).

12 (c) Restrictions on disapproval of housing developments
13 (Section 65589.5).

1 (d) Priority for affordable housing in the allocation of water and
2 sewer hookups (Section 65589.7).

3 (e) Least cost zoning law (Section 65913.1).

4 (f) Density bonus law (Section 65915).

5 (g) Accessory dwelling units (Sections 65852.150 and 65852.2).

6 (h) By-right housing, in which certain multifamily housing are
7 designated a permitted use (Section 65589.4).

8 (i) No-net-loss-in zoning density law limiting downzonings and
9 density reductions (Section 65863).

10 (j) Requiring persons who sue to halt affordable housing to pay
11 attorney fees (Section 65914) or post a bond (Section 529.2 of the
12 Code of Civil Procedure).

13 (k) Reduced time for action on affordable housing applications
14 under the approval of development permits process (Article 5
15 (commencing with Section 65950) of Chapter 4.5).

16 (l) Limiting moratoriums on multifamily housing (Section
17 65858).

18 (m) Prohibiting discrimination against affordable housing
19 (Section 65008).

20 (n) California Fair Employment and Housing Act (Part 2.8
21 (commencing with Section 12900) of Division 3).

22 (o) Community redevelopment law (Part 1 (commencing with
23 Section 33000) of Division 24 of the Health and Safety Code, and
24 in particular Sections 33334.2 and 33413).

25 SEC. 2. Section 65583.1 of the Government Code is amended
26 to read:

27 65583.1. (a) The Department of Housing and Community
28 Development, in evaluating a proposed or adopted housing element
29 for substantial compliance with this article, may allow a city or
30 county to identify adequate sites, as required pursuant to Section
31 65583, by a variety of methods, including, but not limited to,
32 redesignation of property to a more intense land use category and
33 increasing the density allowed within one or more categories. The
34 department may also allow a city or county to identify sites for
35 accessory dwelling units based on the number of accessory
36 dwelling units developed in the prior housing element planning
37 period whether or not the units are permitted by right, the need for
38 these units in the community, the resources or incentives available
39 for their development, and any other relevant factors, as determined
40 by the department. Nothing in this section reduces the responsibility

1 of a city or county to identify, by income category, the total number
2 of sites for residential development as required by this article.

3 (b) Sites that contain permanent housing units located on a
4 military base undergoing closure or conversion as a result of action
5 pursuant to the Defense Authorization Amendments and Base
6 Closure and Realignment Act (Public Law 100-526), the Defense
7 Base Closure and Realignment Act of 1990 (Public Law 101-510),
8 or any subsequent act requiring the closure or conversion of a
9 military base may be identified as an adequate site if the housing
10 element demonstrates that the housing units will be available for
11 occupancy by households within the planning period of the
12 element. No sites containing housing units scheduled or planned
13 for demolition or conversion to nonresidential uses shall qualify
14 as an adequate site.

15 Any city, city and county, or county using this subdivision shall
16 address the progress in meeting this section in the reports provided
17 pursuant to paragraph (1) of subdivision (b) of Section 65400.

18 (c) (1) The Department of Housing and Community
19 Development may allow a city or county to substitute the provision
20 of units for up to 25 percent of the community's obligation to
21 identify adequate sites for any income category in its housing
22 element pursuant to paragraph (1) of subdivision (c) of Section
23 65583 where the community includes in its housing element a
24 program committing the local government to provide units in that
25 income category within the city or county that will be made
26 available through the provision of committed assistance during
27 the planning period covered by the element to low- and very low
28 income households at affordable housing costs or affordable rents,
29 as defined in Sections 50052.5 and 50053 of the Health and Safety
30 Code, and which meet the requirements of paragraph (2). Except
31 as otherwise provided in this subdivision, the community may
32 substitute one dwelling unit for one dwelling unit site in the
33 applicable income category. The program shall do all of the
34 following:

35 (A) Identify the specific, existing sources of committed
36 assistance and dedicate a specific portion of the funds from those
37 sources to the provision of housing pursuant to this subdivision.

38 (B) Indicate the number of units that will be provided to both
39 low- and very low income households and demonstrate that the

1 amount of dedicated funds is sufficient to develop the units at
2 affordable housing costs or affordable rents.

3 (C) Demonstrate that the units meet the requirements of
4 paragraph (2).

5 (2) Only units that comply with subparagraph (A), (B), or (C)
6 qualify for inclusion in the housing element program described in
7 paragraph (1), as follows:

8 (A) Units that are to be substantially rehabilitated with
9 committed assistance from the city or county and constitute a net
10 increase in the community's stock of housing affordable to low-
11 and very low income households. For purposes of this
12 subparagraph, a unit is not eligible to be "substantially
13 rehabilitated" unless all of the following requirements are met:

14 (i) At the time the unit is identified for substantial rehabilitation,
15 (I) the local government has determined that the unit is at imminent
16 risk of loss to the housing stock, (II) the local government has
17 committed to provide relocation assistance pursuant to Chapter 16
18 (commencing with Section 7260) of Division 7 of Title 1 to any
19 occupants temporarily or permanently displaced by the
20 rehabilitation or code enforcement activity, or the relocation is
21 otherwise provided prior to displacement either as a condition of
22 receivership, or provided by the property owner or the local
23 government pursuant to Article 2.5 (commencing with Section
24 17975) of Chapter 5 of Part 1.5 of Division 13 of the Health and
25 Safety Code, or as otherwise provided by local ordinance; provided
26 the assistance includes not less than the equivalent of four months'
27 rent and moving expenses and comparable replacement housing
28 consistent with the moving expenses and comparable replacement
29 housing required pursuant to Section 7260, (III) the local
30 government requires that any displaced occupants will have the
31 right to reoccupy the rehabilitated units, and (IV) the unit has been
32 found by the local government or a court to be unfit for human
33 habitation due to the existence of at least four violations of the
34 conditions listed in subdivisions (a) to (g), inclusive, of Section
35 17995.3 of the Health and Safety Code.

36 (ii) The rehabilitated unit will have long-term affordability
37 covenants and restrictions that require the unit to be available to,
38 and occupied by, persons or families of low- or very low income
39 at affordable housing costs for at least 20 years or the time period
40 required by any applicable federal or state law or regulation.

1 (iii) Prior to initial occupancy after rehabilitation, the local code
2 enforcement agency shall issue a certificate of occupancy indicating
3 compliance with all applicable state and local building code and
4 health and safety code requirements.

5 (B) Units that are located either on foreclosed property or in a
6 multifamily rental or ownership housing complex of three or more
7 units, are converted with committed assistance from the city or
8 county from nonaffordable to affordable by acquisition of the unit
9 or the purchase of affordability covenants and restrictions for the
10 unit, are not acquired by eminent domain, and constitute a net
11 increase in the community's stock of housing affordable to low-
12 and very low income households. For purposes of this
13 subparagraph, a unit is not converted by acquisition or the purchase
14 of affordability covenants unless all of the following occur:

15 (i) The unit is made available for rent at a cost affordable to
16 low- or very low income households.

17 (ii) At the time the unit is identified for acquisition, the unit is
18 not available at an affordable housing cost to either of the
19 following:

20 (I) Low-income households, if the unit will be made affordable
21 to low-income households.

22 (II) Very low income households, if the unit will be made
23 affordable to very low income households.

24 (iii) At the time the unit is identified for acquisition the unit is
25 not occupied by low- or very low income households or if the
26 acquired unit is occupied, the local government has committed to
27 provide relocation assistance prior to displacement, if any, pursuant
28 to Chapter 16 (commencing with Section 7260) of Division 7 of
29 Title 1 to any occupants displaced by the conversion, or the
30 relocation is otherwise provided prior to displacement; provided
31 the assistance includes not less than the equivalent of four months'
32 rent and moving expenses and comparable replacement housing
33 consistent with the moving expenses and comparable replacement
34 housing required pursuant to Section 7260.

35 (iv) The unit is in decent, safe, and sanitary condition at the
36 time of occupancy.

37 (v) The unit has long-term affordability covenants and
38 restrictions that require the unit to be affordable to persons of low-
39 or very low income for not less than 55 years.

(vi) For units located in multifamily ownership housing complexes with three or more units, or on or after January 1, 2015, on foreclosed properties, at least an equal number of new-construction multifamily rental units affordable to lower income households have been constructed in the city or county within the same planning period as the number of ownership units to be converted.

(C) Units that will be preserved at affordable housing costs to persons or families of low- or very low incomes with committed assistance from the city or county by acquisition of the unit or the purchase of affordability covenants for the unit. For purposes of this subparagraph, a unit shall not be deemed preserved unless all of the following occur:

(i) The unit has long-term affordability covenants and restrictions that require the unit to be affordable to, and reserved for occupancy by, persons of the same or lower income group as the current occupants for a period of at least 40 years.

(ii) The unit is within an “assisted housing development,” as defined in paragraph (3) of subdivision (a) of Section 65863.10.

(iii) The city or county finds, after a public hearing, that the unit is eligible, and is reasonably expected, to change from housing affordable to low- and very low income households to any other use during the next five years due to termination of subsidy contracts, mortgage prepayment, or expiration of restrictions on use.

(iv) The unit is in decent, safe, and sanitary condition at the time of occupancy.

(v) At the time the unit is identified for preservation it is available at affordable cost to persons or families of low- or very low income.

(3) This subdivision does not apply to any city or county that, during the current or immediately prior planning period, as defined by Section 65588, has not met any of its share of the regional need for affordable housing, as defined in Section 65584, for low- and very low income households. A city or county shall document for any housing unit that a building permit has been issued and all development and permit fees have been paid or the unit is eligible to be lawfully occupied.

(4) For purposes of this subdivision, “committed assistance” means that the city or county enters into a legally enforceable

1 agreement during the period from the beginning of the projection
2 period until the end of the second year of the planning period that
3 obligates sufficient available funds to provide the assistance
4 necessary to make the identified units affordable and that requires
5 that the units be made available for occupancy within two years
6 of the execution of the agreement. "Committed assistance" does
7 not include tenant-based rental assistance.

8 (5) For purposes of this subdivision, "net increase" includes
9 only housing units provided committed assistance pursuant to
10 subparagraph (A) or (B) of paragraph (2) in the current planning
11 period, as defined in Section 65588, that were not provided
12 committed assistance in the immediately prior planning period.

13 (6) For purposes of this subdivision, "the time the unit is
14 identified" means the earliest time when any city or county agent,
15 acting on behalf of a public entity, has proposed in writing or has
16 proposed orally or in writing to the property owner, that the unit
17 be considered for substantial rehabilitation, acquisition, or
18 preservation.

19 (7) In the third year of the planning period, as defined by Section
20 65588, in the report required pursuant to Section 65400, each city
21 or county that has included in its housing element a program to
22 provide units pursuant to subparagraph (A), (B), or (C) of
23 paragraph (2) shall report in writing to the legislative body, and
24 to the department within 30 days of making its report to the
25 legislative body, on its progress in providing units pursuant to this
26 subdivision. The report shall identify the specific units for which
27 committed assistance has been provided or which have been made
28 available to low- and very low income households, and it shall
29 adequately document how each unit complies with this subdivision.
30 If, by July 1 of the third year of the planning period, the city or
31 county has not entered into an enforceable agreement of committed
32 assistance for all units specified in the programs adopted pursuant
33 to subparagraph (A), (B), or (C) of paragraph (2), the city or county
34 shall, not later than July 1 of the fourth year of the planning period,
35 adopt an amended housing element in accordance with Section
36 65585, identifying additional adequate sites pursuant to paragraph
37 (1) of subdivision (c) of Section 65583 sufficient to accommodate
38 the number of units for which committed assistance was not
39 provided. If a city or county does not amend its housing element
40 to identify adequate sites to address any shortfall, or fails to

1 complete the rehabilitation, acquisition, purchase of affordability
2 covenants, or the preservation of any housing unit within two years
3 after committed assistance was provided to that unit, it shall be
4 prohibited from identifying units pursuant to subparagraph (A),
5 (B), or (C) of paragraph (2) in the housing element that it adopts
6 for the next planning period, as defined in Section 65588, above
7 the number of units actually provided or preserved due to
8 committed assistance.

9 (d) A city or county may reduce its share of the regional housing
10 need by the number of units built between the start of the projection
11 period and the deadline for adoption of the housing element. If the
12 city or county reduces its share pursuant to this subdivision, the
13 city or county shall include in the housing element a description
14 of the methodology for assigning those housing units to an income
15 category based on actual or projected sales price, rent levels, or
16 other mechanisms establishing affordability.

17 SEC. 3. Section 65589.4 of the Government Code is amended
18 to read:

19 65589.4. (a) An attached housing development shall be a
20 permitted use not subject to a conditional use permit on any parcel
21 zoned for an attached housing development if local law so provides
22 or if it satisfies the requirements of subdivision (b) and either of
23 the following:

24 (1) The attached housing development satisfies the criteria of
25 Section 21159.22, 21159.23, or 21159.24 of the Public Resources
26 Code.

27 (2) The attached housing development meets all of the following
28 criteria:

29 (A) The attached housing development is subject to a
30 discretionary decision other than a conditional use permit and a
31 negative declaration or mitigated negative declaration has been
32 adopted for the attached housing development under the California
33 Environmental Quality Act (Division 13 (commencing with Section
34 21000) of the Public Resources Code). If no public hearing is held
35 with respect to the discretionary decision, then the negative
36 declaration or mitigated negative declaration for the attached
37 housing development may be adopted only after a public hearing
38 to receive comments on the negative declaration or mitigated
39 negative declaration.

(B) The attached housing development is consistent with both the jurisdiction's zoning ordinance and general plan as it existed on the date the application was deemed complete, except that an attached housing development shall not be deemed to be inconsistent with the zoning designation for the site if that zoning designation is inconsistent with the general plan only because the attached housing development site has not been rezoned to conform with the most recent adopted general plan.

(C) The attached housing development is located in an area that is covered by one of the following documents that has been adopted by the jurisdiction within five years of the date the application for the attached housing development was deemed complete:

(i) A general plan.

(ii) A revision or update to the general plan that includes at least the land use and circulation elements.

(iii) An applicable community plan.

(iv) An applicable specific plan.

(D) The attached housing development consists of not more than 100 residential units with a minimum density of not less than 12 units per acre or a minimum density of not less than eight units per acre if the attached housing development consists of four or fewer units.

(E) The attached housing development is located in an urbanized area as defined in Section 21071 of the Public Resources Code or within a census-defined place with a population density of at least 5,000 persons per square mile or, if the attached housing development consists of 50 or fewer units, within an incorporated city with a population density of at least 2,500 persons per square mile and a total population of at least 25,000 persons.

(F) The attached housing development is located on an infill site as defined in Section 21061.0.5 of the Public Resources Code.

(b) At least 10 percent of the units of the attached housing development shall be available at affordable housing cost to very low income households, as defined in Section 50105 of the Health and Safety Code, or at least 20 percent of the units of the attached housing development shall be available at affordable housing cost to lower income households, as defined in Section 50079.5 of the Health and Safety Code, or at least 50 percent of the units of the attached housing development available at affordable housing cost to moderate-income households, consistent with Section 50052.5

1 of the Health and Safety Code. The developer of the attached
2 housing development shall provide sufficient legal commitments
3 to the local agency to ensure the continued availability and use of
4 the housing units for very low, low-, or moderate-income
5 households for a period of at least 30 years.

6 (c) Nothing in this section shall prohibit a local agency from
7 applying design and site review standards in existence on the date
8 the application was deemed complete.

9 (d) The provisions of this section are independent of any
10 obligation of a jurisdiction pursuant to subdivision (c) of Section
11 65583 to identify multifamily sites developable by right.

12 (e) This section does not apply to the issuance of coastal
13 development permits pursuant to the California Coastal Act
14 (Division 20 (commencing with Section 30000) of the Public
15 Resources Code).

16 (f) This section does not relieve a public agency from complying
17 with the California Environmental Quality Act (Division 13
18 (commencing with Section 21000) of the Public Resources Code)
19 or relieve an applicant or public agency from complying with the
20 Subdivision Map Act (Division 2 (commencing with Section
21 66473)).

22 (g) This section is applicable to all cities and counties, including
23 charter cities, because the Legislature finds that the lack of
24 affordable housing is of vital statewide importance, and thus a
25 matter of statewide concern.

26 (h) For purposes of this section, “attached housing development”
27 means a newly constructed or substantially rehabilitated structure
28 containing two or more dwelling units and consisting only of
29 residential units, but does not include an accessory dwelling unit,
30 as defined by paragraph (4) of subdivision (i) of Section 65852.2,
31 or the conversion of an existing structure to condominiums.

32 SEC. 4. Section 65852.150 of the Government Code is amended
33 to read:

34 65852.150. (a) The Legislature finds and declares all of the
35 following:

36 (1) Accessory dwelling units are a valuable form of housing in
37 California.

38 (2) Accessory dwelling units provide housing for family
39 members, students, the elderly, in-home health care providers, the

1 disabled, and others, at below market prices within existing
2 neighborhoods.

3 (3) Homeowners who create accessory dwelling units benefit
4 from added income, and an increased sense of security.

5 (4) Allowing accessory dwelling units in single-family or
6 multifamily residential zones provides additional rental housing
7 stock in California.

8 (5) California faces a severe housing crisis.

9 (6) The state is falling far short of meeting current and future
10 housing demand with serious consequences for the state's
11 economy, our ability to build green infill consistent with state
12 greenhouse gas reduction goals, and the well-being of our citizens,
13 particularly lower and middle-income earners.

14 (7) Accessory dwelling units offer lower cost housing to meet
15 the needs of existing and future residents within existing
16 neighborhoods, while respecting architectural character.

17 (8) Accessory dwelling units are, therefore, an essential
18 component of California's housing supply.

19 (b) It is the intent of the Legislature that an accessory dwelling
20 unit-ordinance adopted by a local agency has the effect of providing
21 for the creation of accessory dwelling units and that provisions in
22 this ordinance relating to matters including unit size, parking, fees
23 and other requirements, are not so arbitrary, excessive, or
24 burdensome so as to unreasonably restrict the ability of
25 homeowners to create accessory dwelling units in zones in which
26 they are authorized by local ordinance.

27 SEC. 5. Section 65852.2 of the Government Code is amended
28 to read:

29 65852.2. (a) (1) A local agency may, by ordinance, provide
30 for the creation of accessory dwelling units in single-family and
31 multifamily residential zones. The ordinance shall do all of the
32 following:

33 (A) Designate areas within the jurisdiction of the local agency
34 where accessory dwelling units may be permitted. The designation
35 of areas may be based on criteria, that may include, but are not
36 limited to, the adequacy of water and sewer services and the impact
37 of accessory dwelling units on traffic flow and public safety.

38 (B) Impose standards on accessory dwelling units that include,
39 but are not limited to, parking, height, setback, lot coverage,
40 architectural review, maximum size of a unit, and standards that

1 prevent adverse impacts on any real property that is listed in the
2 California Register of Historic Places. However, notwithstanding
3 subdivision (d), a local agency shall not impose parking standards
4 for an accessory dwelling unit in any of the following instances:

5 (i) The accessory dwelling unit is located within one-half mile
6 of public transit or shopping.

7 (ii) The accessory dwelling unit is located within an
8 architecturally and historically significant historic district.

9 (iii) The accessory dwelling unit is part of the existing primary
10 residence.

11 (iv) When on-street parking permits are required, but not offered
12 to the occupant of the accessory dwelling unit.

13 (v) When there is a car share vehicle located within one block
14 of the accessory dwelling unit.

15 (C) Provide that accessory dwelling units do not exceed the
16 allowable density for the lot upon which the accessory dwelling
17 unit is located, and that accessory dwelling units are a residential
18 use that is consistent with the existing general plan and zoning
19 designation for the lot.

20 (2) The ordinance shall not be considered in the application of
21 any local ordinance, policy, or program to limit residential growth.

22 (3) When a local agency receives its first application on or after
23 July 1, 2003, for a permit pursuant to this subdivision, the
24 application shall be considered ministerially without discretionary
25 review or a hearing, notwithstanding Section 65901 or 65906 or
26 any local ordinance regulating the issuance of variances or special
27 use permits, within 90 days of submittal of a complete building
28 permit application. A local agency may charge a fee to reimburse
29 it for costs that it incurs as a result of amendments to this paragraph
30 enacted during the 2001–02 Regular Session of the Legislature,
31 including the costs of adopting or amending any ordinance that
32 provides for the creation of accessory dwelling units.

33 (b) (1) When a local agency that has not adopted an ordinance
34 governing accessory dwelling units in accordance with subdivision
35 (a) receives its first application on or after July 1, 1983, for a permit
36 pursuant to this subdivision, the local agency shall accept the
37 application and approve or disapprove the application ministerially
38 without discretionary review pursuant to this subdivision unless
39 it adopts an ordinance in accordance with subdivision (a) within
40 90 days after receiving the application. Notwithstanding Section

1 65901 or 65906, every local agency shall ministerially approve
2 the creation of an accessory dwelling unit if the accessory dwelling
3 unit complies with all of the following:

4 (A) The unit is not intended for sale separate from the primary
5 residence and may be rented.

6 (B) The lot is zoned for single-family or multifamily use.

7 (C) The lot contains an existing single-family dwelling.

8 (D) The accessory dwelling unit is either attached to the existing
9 dwelling and located within the living area of the existing dwelling
10 or detached from the existing dwelling and located on the same
11 lot as the existing dwelling.

12 (E) The increased floor area of an attached accessory dwelling
13 unit shall not exceed 50 percent of the existing living area.

14 (F) The total area of floorspace for a detached accessory
15 dwelling unit shall not exceed 1,200 square feet.

16 (G) Requirements relating to height, setback, lot coverage,
17 architectural review, site plan review, fees, charges, and other
18 zoning requirements generally applicable to residential construction
19 in the zone in which the property is located.

20 (H) Local building code requirements that apply to detached
21 dwellings, as appropriate.

22 (I) Approval by the local health officer where a private sewage
23 disposal system is being used, if required.

24 (2) No other local ordinance, policy, or regulation shall be the
25 basis for the denial of a building permit or a use permit under this
26 subdivision.

27 (3) This subdivision establishes the maximum standards that
28 local agencies shall use to evaluate proposed accessory dwelling
29 units on lots zoned for residential use that contain an existing
30 single-family dwelling. No additional standards, other than those
31 provided in this subdivision or subdivision (a), shall be utilized or
32 imposed, except that a local agency may require an applicant for
33 a permit issued pursuant to this subdivision to be an
34 ~~owner-occupant.~~ *owner-occupant or that the property be used for*
35 *rentals of terms longer than 30 days.*

36 ~~(4) No changes in zoning ordinances or other ordinances or any~~
37 ~~changes in the general plan shall be required to implement this~~
38 ~~subdivision.~~ A local agency may amend its zoning ordinance or
39 general plan to incorporate the policies, procedures, or other
40 provisions applicable to the creation of accessory dwelling units

1 if these provisions are consistent with the limitations of this
2 subdivision.

3 (5) An accessory dwelling unit that conforms to this subdivision
4 shall not be considered to exceed the allowable density for the lot
5 upon which it is located, and shall be deemed to be a residential
6 use that is consistent with the existing general plan and zoning
7 designations for the lot. The accessory dwelling units shall not be
8 considered in the application of any local ordinance, policy, or
9 program to limit residential growth.

10 (c) A local agency may establish minimum and maximum unit
11 size requirements for both attached and detached accessory
12 dwelling units. No minimum or maximum size for an accessory
13 dwelling unit, or size based upon a percentage of the existing
14 dwelling, shall be established by ordinance for either attached or
15 detached dwellings that does not otherwise permit at least a
16 500-foot accessory dwelling unit or a 500-foot efficiency unit to
17 be constructed in compliance with local development standards.
18 Accessory dwelling units shall not be required to provide fire
19 sprinklers if they are not required for the primary residence.

20 (d) Parking requirements for accessory dwelling units shall not
21 exceed one parking space per unit or per bedroom. These spaces
22 may be provided as tandem parking on an existing driveway.
23 Off-street parking shall be permitted in setback areas in locations
24 determined by the local agency or through tandem parking, unless
25 specific findings are made that parking in setback areas or tandem
26 parking is not feasible based upon fire and life safety conditions.
27 This subdivision shall not apply to a unit that complies with
28 paragraph (1) of subdivision (b).

29 (e) Notwithstanding subdivisions (a) to (d), inclusive, a local
30 agency shall ministerially approve an application for a building
31 permit to create within a single-family residential zone one
32 accessory dwelling unit per single-family lot if the unit is contained
33 within the existing space of a single-family residence or accessory
34 structure, has independent exterior access from the existing
35 residence, and the side and rear setbacks are sufficient for fire
36 safety. Accessory dwelling units shall not be required to provide
37 fire sprinklers if they are not required for the primary residence.

38 (f) Fees charged for the construction of accessory dwelling units
39 shall be determined in accordance with Chapter 5 (commencing
40 with Section 66000). Accessory dwelling units shall not be

1 considered new residential uses for the purposes of calculating
2 private or public utility connection fees, including water and sewer
3 service.

4 (g) This section does not limit the authority of local agencies
5 to adopt less restrictive requirements for the creation of accessory
6 dwelling units.

7 (h) Local agencies shall submit a copy of the ordinances adopted
8 pursuant to subdivision (a) to the Department of Housing and
9 Community Development within 60 days after adoption.

10 (i) As used in this section, the following terms mean:

11 (1) "Living area," means the interior habitable area of a dwelling
12 unit including basements and attics but does not include a garage
13 or any accessory structure.

14 (2) "Local agency" means a city, county, or city and county,
15 whether general law or chartered.

16 (3) For purposes of this section, "neighborhood" has the same
17 meaning as set forth in Section 65589.5.

18 (4) "Accessory dwelling unit" means an attached or a detached
19 residential dwelling unit which provides complete independent
20 living facilities for one or more persons. It shall include permanent
21 provisions for living, sleeping, eating, cooking, and sanitation on
22 the same parcel as the single-family dwelling is situated. An
23 accessory dwelling unit also includes the following:

24 (A) An efficiency unit, as defined in Section 17958.1 of Health
25 and Safety Code.

26 (B) A manufactured home, as defined in Section 18007 of the
27 Health and Safety Code.

28 (j) Nothing in this section shall be construed to supersede or in
29 any way alter or lessen the effect or application of the California
30 Coastal Act (Division 20 (commencing with Section 30000) of
31 the Public Resources Code), except that the local government shall
32 not be required to hold public hearings for coastal development
33 permit applications for second units.

34 SEC. 6. Section 66412.2 of the Government Code is amended
35 to read:

36 66412.2. This division shall not apply to the construction,
37 financing, or leasing of dwelling units pursuant to Section 65852.1
38 or accessory dwelling units pursuant to Section 65852.2, but this
39 division shall be applicable to the sale or transfer, but not leasing,
40 of those units.


1 SEC. 7. No reimbursement is required by this act pursuant to
2 Section 6 of Article XIII B of the California Constitution because
3 a local agency or school district has the authority to levy service
4 charges, fees, or assessments sufficient to pay for the program or
5 level of service mandated by this act, within the meaning of Section
6 17556 of the Government Code.


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For Meeting of: June 7, 2016

To: City Council

From: Kevin Caldwell, Community Development Director 

Through: Kyle Knopp, City Manager 

Date: June 2, 2016

Subject: Laboratories and Dispensaries - Medical Cannabis Commercial Land Use Regulations, Section 17.30.195 of the Rio Dell Municipal Code (RDMC)

Recommendation:

That the City Council:

1. Reopen the public hearing, receive staff's report regarding the Planning Commission's recommendations for Cannabis Laboratories and Dispensaries Regulations; and
2. Receive public input and deliberate; and
3. Continue consideration of the Medical Cannabis Commercial Land Use Regulations to a Regular Meeting scheduled for June 21, 2016.

Background

This meeting is the fifth in a series of meetings regarding the discussion of the Medical Cannabis Land Use Ordinance (MCLUO). At this meeting the Council is scheduled to discuss Testing Laboratories and Dispensaries provisions, including:

- "Testing", Testing licensees shall have their facilities licensed according to the regulations set forth in Section 19341 et. seq. of the Business and Professions Code. A

testing licensee shall not hold a license in another license and shall not own or have ownership interest in any other license type; and

- “Dispensary; General”, Type 10 dispensaries are facilities where medical cannabis, medical cannabis products, or devices for the use of medical cannabis or medical cannabis products are offered either individually or in any combination, for retail sale, including an establishment that delivers, pursuant to express authorization by local ordinance, medical cannabis and medical cannabis products as part of a retail sale. Only one retail site is allowed and no other licenses are allowed under the Type 10 license; and
- “Dispensary; No More Than 3 Retail Sites”, A Type 10A dispensary licensee may apply for other licenses in an effort to be vertically integrated, which is required in some cities. And even though a dispensary may obtain a cultivator and/or manufacturing license, it must first transport all cannabis through a distributor and testing licensee before it re-enters the dispensary (if the grow is located in the same place) for sale.

Discussion – Testing Laboratories

The Planning Commission is recommending that testing laboratories be conditionally permitted in the Industrial Commercial (IC), Town Center (TC), Neighborhood Center (NC) and Community Commercial (CC) designation subject to a Conditional Use Permit and the conditions and limitations set forth in this Section and as deemed appropriate by Planning Commission and/or the City Council.

Testing laboratories and other related medical and dental facilities are currently principally permitted uses in the City’s commercial zoning districts, including Industrial Commercial (IC), Town Center (TC), Neighborhood Center (NC) and Community Commercial (CC) designation. The County does not distinguish labs that analyze cannabis as being any different from any other testing lab facility.

In addition to the State requirements found in Sections 1934 through 19345 of the Business and Professions Code, the Planning Commission is recommending that the following performance standards:

- The facility shall be alarmed with an audible interior and exterior alarm system, unless waived for extenuating circumstances by the City Manager or designee that is operated and monitored by a recognized security company, deemed acceptable by the City Manager or designee. Any change in the security company shall be subject to the approval of the City Manager or his designee. All current contact information regarding the medical marijuana facility’s security company shall be provided to the city manager or designee.
- Entrance to the lab area and any cannabis storage areas shall be locked at all times, and

under the control of facility staff.

- Medical marijuana shall be stored in a secured and locked room, vault or safe, or other secured storage structure which is bolted to the floor or structure of the premises.
- Windows and roof hatches of the premises shall be secured from the inside with effective means so as to prevent unauthorized entry, and shall be equipped with latches or a similar mechanism that may be released quickly from the inside to allow exit in the event of emergency in compliance with all applicable building provisions in the California Building Code.
- All laboratory testing facilities shall comply with Sections 19341 through 19345 of the California Business and Professions Code.
- Comply with any special conditions applicable to that permit or parcel which may be imposed as a condition of the required Conditional Use Permit.

Below is a copy of the State requirements regulating labs that analyze cannabis which are codified in Sections 19342 through 19345 of the Business and Professions Code:

19342. (a) For the purposes of testing medical cannabis or medical cannabis products, licensees shall use a licensed testing laboratory that has adopted a standard operating procedure using methods consistent with general requirements for the competence of testing and calibration activities, including sampling, using standard methods established by the International Organization for Standardization, specifically ISO/IEC 17020 and ISO/IEC 17025 to test medical cannabis and medical cannabis products that are approved by an accrediting body that is a signatory to the International Laboratory Accreditation Cooperation Mutual Recognition Arrangement.

(b) An agent of a licensed testing laboratory shall obtain samples according to a statistically valid sampling method for each lot.

(c) A licensed testing laboratory shall analyze samples according to either of the following:

(1) The most current version of the cannabis inflorescence monograph published by the American Herbal Pharmacopoeia.

(2) Scientifically valid methodology that is demonstrably equal or superior to paragraph (1), in the opinion of the accrediting body.

(d) If a test result falls outside the specifications authorized by law or regulation, the licensed testing laboratory shall follow a standard operating procedure to confirm or refute the original result.

(e) A licensed testing laboratory *shall destroy the remains of the sample of medical cannabis or medical cannabis product upon completion of the analysis* (emphasis added).

19343. A licensed testing laboratory shall not handle, test, or analyze medical cannabis or medical cannabis products unless the licensed testing laboratory meets all of the following:

- (a) Is registered by the State Department of Public Health.
- (b) Is independent from all other persons and entities involved in the medical cannabis industry.
- (c) Follows the methodologies, ranges, and parameters that are contained in the scope of the accreditation for testing medical cannabis or medical cannabis products. The testing lab shall also comply with any other requirements specified by the State Department of Public Health.
- (d) Notifies the State Department of Public Health within one business day after the receipt of notice of any kind that its accreditation has been denied, suspended, or revoked.
- (e) Has established standard operating procedures that provide for adequate chain of custody controls for samples transferred to the licensed testing laboratory for testing.

19344. (a) A licensed testing laboratory shall issue a certificate of analysis for each lot, with supporting data, to report both of the following:

(1) Whether the chemical profile of the lot conforms to the specifications of the lot for compounds, including, but not limited to, all of the following:

- (A) Tetrahydrocannabinol (THC).
- (B) Tetrahydrocannabinolic Acid (THCA).
- (C) Cannabidiol (CBD).
- (D) Cannabidiolic Acid (CBDA).
- (E) The terpenes described in the most current version of the cannabis inflorescence monograph published by the American Herbal Pharmacopoeia.
- (F) Cannabigerol (CBG).
- (G) Cannabinol (CBN).
- (H) Any other compounds required by the State Department of Public Health.

(2) That the presence of contaminants does not exceed the levels that are the lesser of either the most current version of the American Herbal Pharmacopoeia monograph or the State Department of Public Health. For purposes of this paragraph, contaminants includes, but is not limited to all of the following:

(A) Residual solvent or processing chemicals.

(B) Foreign material, including, but not limited to, hair, insects, or similar or related adulterant.

(C) Microbiological impurity, including total aerobic microbial count, total yeast mold count, *P. aeruginosa*, *aspergillus* spp., *s.aureus*, aflatoxin B1, B2, G1, or G2, or ochratoxin A.

(D) Whether the batch is within specification for odor and appearance.

(b) Residual levels of *volatile organic compounds shall be below the lesser of either the specifications set by the United States Pharmacopeia (U.S.P. Chapter 467) or those set by the State Department of Public Health* (emphasis added).

19345. (a) Except as provided in this chapter, a licensed testing laboratory shall not acquire or receive medical cannabis or medical cannabis products except from a licensed facility in accordance with this chapter, and shall not distribute, sell, deliver, transfer, transport, or dispense medical cannabis or medical cannabis products, from which the medical cannabis or medical cannabis products were acquired or received. All transfer or transportation shall be performed pursuant to a specified chain of custody protocol.

(b) A licensed testing laboratory may receive and test samples of medical cannabis or medical cannabis products from a qualified patient or primary caregiver only if he or she presents his or her valid recommendation for cannabis for medical purposes from a physician. A licensed testing laboratory shall not certify samples from a qualified patient or caregiver for resale or transfer to another party or licensee. All tests performed by a licensed testing laboratory for a qualified patient or caregiver shall be recorded with the name of the qualified patient or caregiver and the amount of medical cannabis or medical cannabis product received.

(c) The State Department of Public Health shall develop procedures to ensure that testing of cannabis occurs prior to delivery to dispensaries or any other business, specify how often licensees shall test cannabis and that the cost of testing shall be borne by the licensed cultivators, and require destruction of harvested batches whose testing samples indicate noncompliance with health and safety standards promulgated by the State Department of Public Health, unless remedial measures can bring the cannabis into compliance with quality assurance standards as promulgated by the State Department of Public Health.

(d) The State Department of Public Health shall establish a licensing fee, and laboratories shall pay a fee to be licensed. Licensing fees shall not exceed the reasonable regulatory cost of the licensing activities.

Dispensaries

Issues:

- Should dispensaries be allowed in the City?
- Where should dispensaries be located?
- How many dispensaries should be allowed?
- Should deliveries be allowed?

Discussion

The Planning Commission is recommending that dispensaries be conditionally permitted in the Town Center (TC) designation subject to a Conditional Use Permit, State regulations, recommended performance standards and the conditions and limitations set forth in this Section and as deemed appropriate by Planning Commission and/or the City Council.

There was discussion by the Planning Commission to recommend to your Council that only one dispensary be allowed. However, based on a number of public comments supporting a free market approach, the Planning Commission chose not to recommend limiting the number of dispensaries.

In addition to the State requirements found in Sections 19342 through 19345 of the Business and Professions Code, the Planning Commission is recommending that the following dispensary performance standards:

Recommended Performance Standards

- The facility shall be alarmed with an audible interior and exterior alarm system, unless waived for extenuating circumstances by the City Manager or designee that is operated and monitored by a recognized security company, deemed acceptable by the City Manager or designee. Any change in the security company shall be subject to the approval of the City Manager or his designee. All current contact information regarding the medical marijuana facility's security company shall be provided to the City Manager or designee.
- Entrance to the any cannabis storage areas shall be locked at all times, and under the control of facility staff.
- Medical marijuana shall be stored in a secured and locked room, vault or safe, or other secured storage structure which is bolted to the floor or structure of the premises.
- Windows and roof hatches of the premises shall be secured from the inside with effective means so as to prevent unauthorized entry, and shall be equipped with latches or a similar

mechanism that may be released quickly from the inside to allow exit in the event of emergency in compliance with all applicable building provisions in the Code.

- No dispensing location for the collective shall be open between the hours of 8:00 p.m. and 9:00 a.m. on any given day.
- Only qualified patients, as defined in Section 11362.7 of the Health and Safety Code are allowed in dispensaries.
- Medical marijuana may not be inhaled, smoked, eaten, ingested, vaped, or otherwise used or consumed at the premises and/or location.
- The sales of pipes, including water pipes and other paraphernalia are prohibited.
- All edible medical marijuana products sold within the City of Rio Dell shall be placed in opaque packaging, without photos or images of food on the label. Packaging that makes the edible product attractive to children or imitates candy is not allowed. Edible medical marijuana products shall not imitate commercially produced goods marketed to children. The edible product must be accompanied by a leaflet or insert that clearly states the source/provider of the food production in addition to all of the information required by Subsection 17.30.095(14)(i).
- A sign shall be posted in a conspicuous location inside the premises advising the following: "Both the sale of marijuana and the diversion of marijuana for nonmedical purposes are violations of state law. The use of marijuana may impair a person's ability to operate a motor vehicle or heavy machinery. Loitering at the location of medical marijuana collective for an illegal purpose is prohibited by California Penal Code Section 647(h). This collective is registered in accordance with the laws of the State of California and the City of Rio Dell."

Recommended Packaging/Labeling Requirements

- In addition to the labeling requirements of Section 19347 of the Business and Professions Code, all medical marijuana **shall be packaged in an opaque childproof container** which shall be accompanied by a leaflet or insert that clearly states the following:
 - The complete legal name of the qualified patient who will be using the medical marijuana;
 - The name, address and on-site landline telephone number of the dispensary;
 - The amount of medical marijuana in the container;
 - The name of the attending physician recommending the use of medical marijuana for the qualified patient;

- The date the medical marijuana was provided;
- A list of the chemicals and or substances that were used during the processing of the medical marijuana;
- All necessary health and safety warnings, including, but not limited to direction that the medical marijuana be stored in a clean and dry place and out of the reach of children; and
- A statement that the City of Rio Dell neither warrants nor guarantees the quality or safety of the medical marijuana contained therein.

Below are the labeling requirements found in Section 19347 of the Business and Professions Code:

19347. (a) Prior to delivery or sale at a dispensary, medical cannabis products shall be labeled and in a tamper-evident package. Labels and packages of medical cannabis products shall meet the following requirements:

- (1) Medical cannabis packages and labels shall not be made to be attractive to children.
- (2) All medical cannabis product labels shall include the following information, prominently displayed and in a clear and legible font.
 - (A) Manufacture date and source.
 - (B) The statement "SCHEDULE I CONTROLLED SUBSTANCE."
 - (C) The statement "KEEP OUT OF REACH OF CHILDREN AND ANIMALS" in bold print.
 - (D) The statement "FOR MEDICAL USE ONLY."
 - (E) The statement "THE INTOXICATING EFFECTS OF THIS PRODUCT MAY BE DELAYED BY UP TO TWO HOURS."
 - (F) The statement "THIS PRODUCT MAY IMPAIR THE ABILITY TO DRIVE OR OPERATE MACHINERY. PLEASE USE EXTREME CAUTION."
 - (G) For packages containing only dried flower, the net weight of medical cannabis in the package.
 - (H) A warning if nuts or other known allergens are used.

(I) List of pharmacologically active ingredients, including, but not limited to, tetrahydrocannabinol (THC), cannabidiol (CBD), and other cannabinoid content, the THC and other cannabinoid amount in milligrams per serving, servings per package, and the THC and other cannabinoid amount in milligrams for the package total.

(J) Clear indication, in bold type, that the product contains medical cannabis.

(K) Identification of the source and date of cultivation and manufacture.

(L) Any other requirement set by the bureau.

(M) Information associated with the unique identifier issued by the Department of Food and Agriculture pursuant to Section 11362.777 of the Health and Safety Code.

(b) Only generic food names may be used to describe edible medical cannabis products.

State Dispensary Requirements

Dispensaries are regulated by the Department of Consumer Affairs. Section 19334(c) et. seq. of the Business and Professions contains the following required regulations associated with dispensaries:

(c) A licensed dispensary shall implement sufficient security measures to both deter and prevent unauthorized entrance into areas containing medical cannabis or medical cannabis products and theft of medical cannabis or medical cannabis products at the dispensary. These security measures shall include, but not be limited to, all of the following:

(1) Preventing individuals from remaining on the premises of the dispensary if they are not engaging in activity expressly related to the operations of the dispensary.

(2) Establishing limited access areas accessible only to authorized dispensary personnel.

(3) Storing all finished medical cannabis and medical cannabis products in a secured and locked room, safe, or vault, and in a manner as to prevent diversion, theft, and loss, except for limited amounts of cannabis used for display purposes, samples, or immediate sale.

(d) A dispensary shall notify the licensing authority and the appropriate law enforcement authorities within 24 hours after discovering any of the following:

(1) Significant discrepancies identified during inventory. The level of significance shall be determined by the bureau.

(2) Diversion, theft, loss, or any criminal activity involving the dispensary or any agent or employee of the dispensary.

(3) The loss or unauthorized alteration of records related to cannabis, registered qualifying patients, primary caregivers, or dispensary employees or agents.

(4) Any other breach of security.

Next Meeting

Staff is recommending that the consideration of the proposed Medical Cannabis Land Use Ordinance be continued to the Council's regular meeting of June 21, 2016. At this meeting staff will present a summary of the recommendations. In addition, the Council can discuss any possible changes to the proposed Ordinance.

It should be noted that based on the meeting of May 24, 2016 and what staff believes is Council's direction, staff will slightly amend the proposed ordinance to require an Inventory Tracking Software System (ITSS) for all cannabis related activities.